Austria	Sch22	Indonesia	Rp3300	Portugal	Esc100
Bahrain	Din0.650	Israel	NS3.50	S Arabia	Rls6.00
Belgium	BFr48	Italy	L1600	Singapore	S$4.10
Canada	C$1.00	Japan	Y600	Spain	Pta125
Cyprus	C£0.75	Jordan	Fils 500	Sri Lanka	Rup30
Denmark	DKr9.00	Kuwait	Fils 500	Sweden	SKr8.00
Egypt	E£2.25	Lebanon	SL100.00	Switzerland	SFr2.20
Finland	Fmk7.00	Luxembourg	LFr48	Taiwan	NT$65
France	FFr6.50	Malaysia	Rin4.25	Thailand	Bht50
Germany	DM2.20	Mexico	Pes300	Tunisia	Din0.800
Greece	Dr100	Morocco	Dh6.00	Turkey	L500
Hong Kong	HK$12	Netherlands	Fl3.00	UAE	Dh6.50
India	Rup15	Norway	NKr7.00	USA	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,316 Thursday August 20 1987 D 8523 A

Brazil: Grassroots revolt in trouble, Page 20

World News

Gunman in UK kills 14 before suicide

A gunman firing at random killed 14 people in Hungerford, a small market town 60 miles west of London. He later killed himself after being besieged in a school by police. At least 16 people were wounded.

Police sealed off the town and threw an armed cordon around an empty school where the gunman took refuge five hours after the carnage began.

S. African miners drift back to work

Mine and metal industry workers continued to drift back to work in South Africa as more pressure was put on about 300,000 black strikers and the miners' union reported more violence.

However about 2,000 striking miners voted to defy an ultimatum from Anglo American, South Africa's biggest mining conglomerate, to return to work at Vaal Reefs goldmine or be dismissed.

S. Korean strike

Striking miners seeking pay rises rampaged through a railway station, stoning windows and halting trains in Daechon, central South Korea. In Taejon about 500 students demanding better workers' rights fought with riot police.

N-plant leak

A nuclear power station at Tricastin, south-east France, leaked water from its cooling system during a routine overhaul. Experts said the incident did no harm to health or the environment.

Gulf convoy shadowed

Soviet and Iranian ships shadowed an American convoy of warships and reflagged Kuwaiti tankers which slipped into the Gulf unannounced en route to Kuwait. Page 2

Japanese plot foiled

Japanese police said they had uncovered a leftist group's plot to use a light aircraft in an attack to sabotage a visit to Okinawa by Emperor Hirohito.

Chunnel strike

Workers on the French end of the tunnel planned to run beneath the Channel to Britain went on strike over pay and other demands.

Kurdish massacre

A group of 80 Kurdish rebels wielding rockets, grenades and guns killed 25 people including 14 women and children in a village in south-east Turkey. Page 2

Mozambique aid plea

The League of Red Cross Societies appealed for SFr 4.6m ($3m) for food and other aid for 35,000 victims of drought in Mozambique.

N. Zealand Cabinet

New Zealand Prime Minister David Lange announced a Cabinet in which he would hold the education portfolio and give foreign affairs to a colleague still awaiting confirmation that he won a seat in Saturday's election.

Zimbabwe killing

Gunmen ambushed and shot dead a white farmer and his wife near Bulawayo in Zimbabwe.

Student wings clipped

President Hossain Mohammad Ershad of Bangladesh disbanded the student wing of his Jatiya Party to deter students from entering politics, saying that student militancy had virtually destroyed the education system.

Obote's father killed

Rebels in northern Uganda beat to death Mr Stanley Opeto, father of deposed President Milton Obote. Mr Opeto, blind and aged about 80, was one of more than 20 people killed when rebels and cattle rustlers went on the rampage.

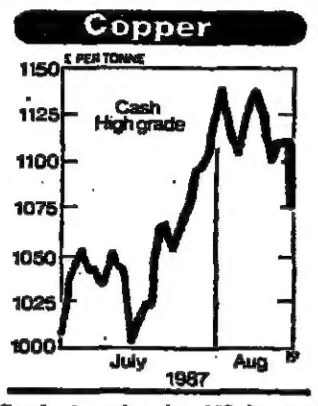
Business Summary

US group makes big N.Sea oil discovery

KERR MCGEE, US energy group, may have made the largest discovery in the North Sea for more than a decade, with a field that could contain more than 350m barrels of oil and significant quantities of gas. Page 6

CONSOLIDATED Gold Fields, London-based mining and industrial materials group, rejected Mr T. Boone Pickens' request for talks on the future of Newmont Mining, US gold and energy company of which Gold Fields is the single largest shareholder. Page 21

COPPER prices retreated on thin London trading, with the



Grade A cash price £28 down at £1,077.50 a tonne. Page 30

TOKYO: The weaker dollar drove export-led issues sharply lower, pushing the Nikkei average down 112.75 to 25,231.59, the fourth consecutive fall. Large-capitals and utilities posted moderate gains as turnover swelled to 936.19m shares. Page 42

LONDON: UK equities came under pressure from a big drop in Wall Street on Tuesday and a steep fall on the futures market. Prices ended broadly lower in thin trading. The FT-SE 100 index was down 27.2 at 2,197.6 after trading down 49.4 points around midday. The FT Ordinary index lost 19.8 to 1,712.4. Details Page 38.

WALL STREET: Dow Jones industrial average closed up 11.6 at 2665.82. Page 42

GOLD fell $2.00 on the London bullion market to close at $455.75. It also fell in Zurich to $456.25 ($457.40). Page 30

DOLLAR closed in New York at DM1.8320, Y144.175, FFr6.12475, SFR1.5195. It fell in London to Y145.00 (Y146.95); to DM1.8405 (DM1.8440); to FFr6.1475 (FFr6.1575); and to SFr1.5255 (SFr1.5275). On Bank of England figures the dollar's exchange rate index fell to 102.5 (104.2). Page 31

STERLING closed in New York at $1.6225. It closed unchanged in London at $1.6170; but fell to DM2.9750 (DM2.9825); to SFr2.4675 (SFr2.47); to FFr9.94 (FFr9.9575); and to Y234.50 (Y236.25). The pound's exchange rate index was unchanged at 72.6. Page 31

THE US federal budget deficit will rise to $192bn in 1989 because of lower-than-expected tax revenes, and higher interest rates and inflation, the Congressional Budget office reported.

GOLD FIELDS of South Africa, South African arm of Consolidated Gold Fields, lifted investment income to R304.4m($145m) in the year to June 30 from the previous year's R290.2m. Page 24

GLAVERBEL, Belgian glass manufacturer which obtained a listing onthe Brussels Stock Exchange earlier this year has enjoyed a buoyant first six months in 1987. Page 23

EL AL, Israel's national airline, posted earnings of US$15.2m for the year to March, its first profit in eight years and its highest ever annual earnings. Page 24

CANON, big Japanese maker of cameras and other precision instruments, produced pre-tax profits of Y8.46bn($57.8m) in the first half to June, down 39 per cent from the previous year.

THOMSON SINTRA, subsidiary of French electronics specialist Thomnson-CSF, has bought 10 per cent of Norway's Simrad Subsea , submarine surveillance equipment supplier.

Swiss bank calls off takeover talks with Hill Samuel

BY DAVID LASCELLES, BANKING EDITOR, IN LONDON

UNION BANK of Switzerland, that country's largest bank, threw the City of London into turmoil yesterday by announcing that it had called off takeover talks with Hill Samuel, the UK merchant banking and financial services group.

In a joint statement which took the financial community by complete surprise, the two banks said that no acceptable basis for the negotiation of an offer could be found and that discussions had therefore been ended by mutual agreement.

The news stunned the stock market which had been expecting the nine-week talks between the two institutions to result in a firm offer. Share prices fell sharply, with Hill Samuel's plunging by more than £1, or 16 per cent, to 654p. Other leading merchant bank shares, also buoyed by recent takeover hopes, dipped as well.

UBS, which is based in Zurich, said that after making a detailed review of Hill Samuel's operations and holding discussions with the senior management, it had decided that it was only interested in its merchant banking and part of its asset management activities.

The other parts of Hill Samuel were in the retail market, where UBS has no interest outside Switzerland, or were businesses like shipping which it did not wish to enter. UBS was not willing to break up Hill Samuel.

The decision was conveyed by Mr Robert Studer, UBS's general manager, to Sir Robert Clark, Hill Samuel's chairman, at a meeting in Zurich on Tuesday morning. Sir Robert and three colleagues had gone there expecting to hear of a firm offer. They had received no prior indication that UBS had decided at a meeting over the weekend not to proceed.

Sir Robert said yesterday that he was surprised and disappointed by UBS's change of heart. He believed Hill Samuel could thrive as an independent group as it had before the UBS approach, but serious approaches from other would-be acquirors would still be considered. He will now have to find a new chief executive to replace Mr Christopher Castleman, who resigned last month in protest at the Hill Samuel board's willingness to enter into negotiations with UBS.

In Zurich, a UBS spokesman said that his bank would continue to expand its activities in foreign financial centres.

Apart from marking the first major foreign acquisition of a UK merchant bank, the deal would have created London's largest stockbroking firm through the combination of Phillips & Drew, and Wood Mackenzie, respectively UBS's and Hill Samuel's stockbroking subsidiaries.

The collapse of the negotiations, which were first announced on July 9, marks a setback to what the City had widely expected to be a fresh wave of takeovers of City institutions. However, they proved that there is no longer any official objection in principle to a leading UK merchant bank being acquired by foreign interests.

Lex, Page 20

Dollar slide continues but pressure eases

BY JANET BUSH IN LONDON AND IAN RODGER IN TOKYO

US FINANCIAL markets remained nervous yesterday after this week's sharp declines but a fragile stability returned after the US Federal Reserve and the Bank of Japan intervened to support the dollar.

Volatility remained the hallmark of London's financial markets, however, with sharp falls in both bond and equity prices yesterday morning followed by an afternoon recovery.

Despite the intervention which served to remind currency markets of central bank commitment to February's Louvre accord to stabilise currencies, the dollar remained weak.

The foreign exchange market continues to be dominated by disappointment in Friday's US trade figures showing a substantial widening of the deficit in June.

It ended at Y145.00 compared with Tuesday's closing Y146.05 and at DM1.8405 after DM1.8440. These levels were somewhat higher than yesterday's lows of Y144.70 and DM1.8350. However the mood remains nervous. In New York, the dollar slid to DM1.8320, and Y144.175.

Wall Street, meanwhile, rebounded in spite of the dollar's fall, with the Dow Jones industrial average up 11 points at the close.

Comments by various officials from the Group of Seven leading nations had a mixed effect.

In Tokyo, the dollar tumbled to Y144.80 following a casual comment by Mr Kiichi Miyazawa, Japan's Finance Minister, at a parliamentary committee hearing that there was no need for concern and markets should act freely.

It was then that the Bank of Japan bought dollars for the first time since early June.

Later, Mr Gerhard Stoltenberg, West Germany's Finance Minister, restored some confidence when he said he thought the market regarded current exchange rates as appropriate.

British financial markets laboured not only under concern about renewed dollar weakness but also worry about today's UK money supply and bank lending figures.

The Bank of England placed emphasis on the high level of lending in justifying the August 6 decision to raise base lending rates by a percentage point to 10 per cent.

Markets are also focussing on growth in the government's targetted measure of narrow money supply, Mo, which is expected to have accelerated to an annual growth rate of more than 5 per cent, towards the top of its target range.

Confidence is generally at a low ebb amid speculation of even higher interest rates if official statistics start signalling a loosening of monetary conditions in the economy.

On the equity market, the FT-SE 100 index plummetted 50 points by midsession before recovering to close 27.2 down at 2197.6, nearly 30 points below the level reached on the day after base rates were raised.

Lex, Page 20; Currencies, Page 31

Canadian economy looks up

BY GEORGE GRAHAM IN PARIS

CANADA WILL experience above average economic growth and a continuing decline in the unemployment rate over the next 18 months according to a report by the Organisation for Economic Co-operation and Development.

In a survey of the country's economic prospects published today, the Paris-based organisation forecasts growth of between 2.5 and 3 per cent over the next 18 months, after a strong upturn in the first half of 1987.

Monetary policy, however, may have to be reappraised. The report says the Canadian authorities cannot continue to allow the currency to decline against the US dollar.

The OECD says Canada's output growth was the fastest of any leading industrial country in 1986, its fourth year of recovery, thanks to strong domestic demand. This helped the unemployment rate to fall to 9.6 per cent in 1986, from 10.5 per cent the year before. Further reductions are forecast this year and next, with the rate dropping to 9.25 per cent in 1987 and 8.75 per cent in 1988.

Unemployment remains well above the level it was before the recession set in in Canada in 1982, however, and higher than the average for the industrial countries which make up the OECD.

CANADA: SHORT-TERM PROSPECTS (% CHANGE)

	1986	1987	1988
Private consumption	4.0	3.25	3.0
Investment	2.6	3.75	3.75
Total domestic demand	3.5	2.5	2.75
Exports	3.1	5.25	4.25
Imports	5.1	5.0	4.5
GDP	3.1	3.0	3.0
Consumer prices	4.1	4.0	3.75
Industrial production	0.4	2.75	3.5
Employment	2.9	2.25	2.0
Unemployment rate*	9.6	9.25	8.75

*per cent of labour force. Source OECD

The report also notes that Canada's regions, which have always tended to record different rates of economic growth, last year showed unusually stark disparities.

Alberta and the Atlantic region suffered particularly from the cutback in investment in the energy sector, hit by falling oil prices, which was the major factor restricting growth below forecast. Falling grain prices also hurt some provinces.

Economic conditions in Manitoba and central Canada were buoyant, on the other hand, leading to increased employment. The unemployment rate in Ontario fell to 7 per cent, for example.

The OECD gives warning that its relatively favourable view of Canada's economic prospects depends on the absence of major disruptions affecting the country's trade flows and interest rates.

The fall of oil and grain prices contributed to a current account deficit of US$8.3bn last year, and the OECD's projection of a narrowing in this deficit to $4bn this year depends on some firming of the prices of natural resources.

Canada's monetary policy, which since 1982 has essentially focused on the US dollar exchange rate, has had some success in bringing down inflation. In spite of a gradual depreciation of the Canadian dollar over the past four years, inflation has been cut from 12 per cent to

British Rail invites US groups to tender for locomotives

By Kevin Brown in London

BRITISH RAIL has invited General Motors and General Electric of the US to bid against three British companies and an Anglo-European consortium for an order to supply about 100 diesel locomotives.

This is the first time that US companies have been invited to tender for a locomotive order under British Rail's controversial value-for-money policy, under which all major procurement is subject to competitive tendering.

The involvement of US companies is likely to provoke serious political and trade union opposition, especially asBritish Rail Engineering (Brel), the manufacturing subsidiary of the British Railways Board, has not been invited to tender.

Brel said it was withdrawing from the locomotive construction market, partly because it does not build power units, which have to be bought in from other manufacturers. It will continue to compete for coach and wagon contracts, however.

Mr Jimmy Knapp, general secretary of the National Union of Railwaymen, said the prospect of a big locomotive order going overseas was "politically and industrially unacceptable," and would be vigorously opposed.

"This is a betrayal of Brel, which would be capable of building these locomotives if it was given the resources. This is a further step towards the transfer of all locomotive building outside this country," he said.

The invitation to tender was issued by Railfreight, British Rail's freight sector, and is expected to be worth about $1.6m - the largest investment in freight locomotives for 10 years.

It is intended to take advantage of technological advances, particularly in reducing wheelslip, which would allow the Railfreight division to haul much longer trains.

As many as five of the division's locomotives could be retired for every two Class 60 tenders brought into service. This would reduce maintenance and crewing requirements.

The full list of companies invited to tender is: General Motors and General Electric of the US; Brush Electrical Machines, GEC and Metro-Cammell of the UK; and a European consortium comprising NEI of the UK, MAK of West Germany, and BBC Brown Boveri of Switzerland.

General Motors is thought to have a good chance of winning the order because of its reputation for building reliable rolling stock.

General Electric of the US is likely to offer a modified version of its successful Dash 8 locomotive, although it has no experience of building for the UK track gauge.

Glass quizzed over fate of other hostages

BY ANDREW GOWERS, MIDDLE EAST EDITOR, IN LONDON

MR CHARLES GLASS, the American journalist who gained freedom on Tuesday after 62 days of captivity in Beirut, was quizzed in London yesterday by US officials anxious to discover whether he had any news of other hostages still being held in Lebanon.

Charles Glass: no news of other captives

Four officials from the US State and Justice Departments were in London to meet Mr Glass, who flew back to Britain yesterday in a private jet chartered by his former employers, the American Broadcasting Corporation.

Judging from Mr Glass's public comments, both they and the many relatives and friends of other hostages, who were hoping that his dramatic escape in the small hours of Tuesday morning was a favourable portent, are likely to be disappointed.

The 37 year old journalist, who was kidnapped by what were thought to be pro-Iranian Moslem fundamentalists in Beirut while researching a travel book, told reporters at Gatwick airport that he knew nothing of any of the other 25 or more Westerners missing, presumed captive, in the Lebanese capital.

"I wish I knew something about the other hostages, but I did not see any of them the entire time I was held captive and I was not told anything about them," he said.

Hopes for the release of further kidnap victims - perhaps including Mr Terry Waite, the Archbishop of Canterbury's envoy - rest on persistent claims by the Syrian Government that it was behind Mr Glass's flight from captivity, in which he says he locked up his guards while they were asleep and threw away the key. The official Syrian newsagency has said that the kidnappers "facilitated" Mr Glass's escape to stave off pressure from Syrian troops in Beirut.

Yesterday, Mr Omran Adham, a Syrian businessman who has close links with President Hafez al-Assad and has been involved in past talks aimed at freeing hostages, augmented this claim. He told the French newspaper Le Matin that Mr Glass "clearly did not escape" but was set free following an agreement last week in Beirut between the pro-Iranian Hizbullah (Party of God) and Syrian military officials. The freeing of other Western hostages would follow in coming days, he added.

There were suggestions from sources close to Syria in Beirut that it was working particularly hard for the release of the two West German businessmen snatched in January, Mr Rudolf Cordes and Mr Alfred Schmid.

"The fact that Charles Glass walked out of an area of the southern suburbs of Beirut where the Syrian army is not deployed proves the large influence of Syria on Lebanon," Mr Adham said.

In fact, if Mr Glass was deliberately freed on Iranian orders as US officials suspect, it may prove something rather more limited: that Iran, blamed publicly by the Reagan Administration for being behind this and other kidnappings, badly needed to do a favour for Syria, which is the only Arab country still supporting it in the Gulf war.

Relations between the countries have been severely strained by events in Lebanon, and the kidnapping of Mr Glass - the only one to have taken place since 7,000 Syrian troops marched into Beirut to restore order in February - was seen as a major affront to Damascus. Releasing him may have been a way of soothing Syrian anger.

The escape or release may have other important international implications in view of the recent signs of reconciliation between Syria and the US, and especially of the visit to Damascus last month by Gen Vernon Walters, Washington's United Nations envoy. The Reagan Administration has been keen to encourage Syria to step up its pressure for the release of hostages in Lebanon. It will now be waiting for concrete evidence that the Syrians' writ runs as far in Beirut as they claim.

Syrian troops are at present deployed in West Beirut, and have succeeded in restoring a measure of calm

More Gulf news, Page 3

CONTENTS

DEFYING THE ODDS IN WHITE HOUSE STAKES

Rev Jesse Jackson, who scared some Democrats in 1984, now tops opinion polls, Page 4

Italy's Gulf policy under growing attack

BY JOHN WYLES IN ROME

ITALY'S Foreign Minister, Mr Giulio Andreotti, is appearing uncharacteristically rattled by growing criticism from home and abroad of his determination to avoid committing Italian ships to minesweeping operations in the Gulf.

Employing rather less than his usual subtlety, Mr Andreotti referred yesterday in a magazine interview to the US supply of arms to Iran, claiming that no one was in a position to give moral lessons to Italy. France had sent minesweepers to the Gulf because of its "distant territories" and Britain because of the concentration of insurance companies in Lloyd's.

Italy, for its part, had "great interests" in Iran and had won substantial contracts there last year, he said. "It is good for a country to have open lines of communication with everyone. Thanks to this relaxed atmosphere, some of our citizens arrested in Iran have been released without too much fuss."

Although his policy sits four square with Italy's post-war tradition of insisting on multilateral cover for any military operation, Mr Andreotti is coming under pressure from sections of the press and, more importantly, from his own Christian Democrat party, which favour despatching Italian minesweepers to the Gulf independently.

Domestic criticism of Mr Andreotti's policy, which was swiftly adopted by the Government a fortnight ago, has been crystallised by suggestions from Mr David Mellor, the British Foreign Office Minister, that Italy and other countries dependant on oil supplies from the Gulf were "passing the buck."

Unfavourable comparisons are being drawn in Italy with the instant readiness of Mr Bettino Craxi, the former Prime Minister, to spring to the defence of national interests. Even more embarrassingly, claims that Italian companies have been supplying mines to both Iran and Iraq are becoming a source of moral pressure to make amends, even though the charges remain unproven.

Although he is still awaiting the results of an inter-ministerial inquiry into the arms trade allegations, Mr Andreotti asserted in the magazine interview that "we took the decision some years ago not to sell arms to Iran and this decision has been respected."

The minister has a considerable amount of capital hanging on today's meeting in The Hague of officials from the Western European Union. Italy sought the meeting as a forum for discussing co-ordinated European action in the Gulf and if nothing comes out of it, his only multilateral option is the even less promising prospect of combined action by the UN.

His policy of seeking either a European or UN flag to sail under is fully supported by the Italian Communist Party and rather more uncertainly by the other four parties in the coalition Government.

But none of them has come out as clearly in favour of sending minesweepers as Mr Dello Giacometti, Christian Democrat chairman of the Senate's defence committee. He has said that current policy "is not winning us respect," and that now was the time for the Italian navy to intervene in the Gulf. "We must strengthen our ties with the United States," added Mr Giacommetti.

Italy has been consistently ready to join in multinational initiatives in the Middle East. Such action avoids imposing strains on the domestic foreign policy consensus. Until Mr Craxi, there was no spirit of self-assertion in Italian foreign policy, and there is still none comparable to that which feeds British and French initiatives. But national attitudes are changing, and they are no longer automatically in line with Mr Andreotti's instinctive search for mediation and compromise and his equally instinctive aversion to confrontation.

Mr Andreotti: coming under domestic pressure

Karpov sees threat to missile talks

By Our Moscow Correspondent

A SENIOR Soviet arms control official has warned that failure to resolve the dispute over West Germany's Pershing-1A missiles could prevent planned talks next month between Mr Eduard Shevardnadze, the Soviet Foreign Minister, and Mr George Shultz, the US Secretary of State.

Mr Victor Karpov, head of the Foreign Ministry's arms control directorate, told the official Tass news agency that Moscow regarded the matter as an urgent problem.

"If real prospects do not emerge of the settlement of the Pershing-1A problem, the question will naturally arise of whether it will be possible to resolve this problem during the company meeting of Eduard Shevardnadze and George Shultz, and whether the meeting itself will be expedient in this case," he said.

Moscow insists that the Pershings, which are armed with US-controlled nuclear warheads, be included in a superpower pact on ridding Europe of medium- and shorter-range missiles. Washington contends that the 72 missiles are West German and are not within the bounds of a US-Soviet agreement.

Mr Shultz and Mr Shevardnadze are due to meet in Washington from September 15-17 for talks which both sides hope will bring them close enough to an arms treaty to pave the way for a third summit between Mr Mikhail Gorbachev and President Ronald Reagan.

Reuter adds from Bonn: If the Pershing missiles remain in West Germany, the Soviet Union will station short-range nuclear weapons in East Germany, Mr Gennady Garasimov, the Soviet Foreign Ministry spokesman, said in an interview with Bild newspaper

Mr Gerasimov claimed it was illogical for Washington to support Bonn by demanding that the Pershing-1As, which carry nuclear warheads under US control, be excluded from the superpower arms talks in Geneva. "We want a real zero-solution for the medium-range systems in Europe," he said. "One cannot be just a bit virginal, it's either all or nothing."

Swedish prosecutor takes up Bofors case

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE SWEDISH public prosecutor's office is to start an official investigation into bribery allegations arising from Bofors' $1.4bn sale of howitzers to India.

Earlier this week Mr Lars Ringberg, a senior prosecutor in Stockholm, received a telegram signed by more than 100 opposition members of the Indian Parliament, demanding a police investigation into the bribery allegations.

The Indian Government has come under increasing pressure during the past five months over the allegations that Indian officials received bribes in connection with the Bofors deal.

Earlier this month Mr Rajiv Gandhi, the Indian Prime Minister, intervened dramatically in a parliamentary debate on corruption in defence deals to state personally that neither he nor any member of his family had "received any consideration in these transactions."

Mr Ringberg said he had decided to begin a preliminary investigation into the bribery allegations following publication of a report from Sweden's National Audit Bureau in June, which showed that the armaments company had paid SKr 170m-SKr 250m (£17m-£25m) to a former agent in India last year and had agreed to pay an unnamed company commissions in arrears in connection with the order.

The National Audit Bureau itself had only limited powers in carrying out its initial examination of the Bofors/India deal, and at the time the Swedish central bank decided it was unable to pursue inquiries further with Swiss banks into Swiss bank accounts connected with the case. The Bureau said it was for the Swedish Government itself to seek the necessary information on various payments that had occurred via Swiss bank accounts.

The bribery allegations will now be investigated by Sweden's national criminal investigation department with co-operation from officers already working on other parts of the increasingly complicated investigation into other alleged Bofors bribery and arms smuggling operations. Yesterday Bofors itself again denied giving bribes or using middlemen.

The Government has sought to put increasing pressure on Bofors itself to disclose the final destination of the payments. Last weekend, Mr Sten Andersson, the Swedish Foreign Minister, renewed his earlier attacks on Mr Erik Penser, the Belgian-domiciled Swedish financier and chief shareholder in Nobel Industries, the Bofors parent company, and demanded that the Bofors leadership should reveal all the facts concerning the alleged bribes.

Polish electronics companies fight centralisation plan

BY CHRISTOPHER BOBINSKI IN WARSAW

A PLAN to centralise Poland's electronics industry is meeting resistance from employees as well as from the Finance Ministry. The idea, involving around 100 independent companies, does have the backing, however, of Mr Zbigniew Szalajda, the Deputy Premier responsible for industry.

The freely-elected workers' self-management council at Cemi, an important producer of semiconductors and integrated circuits in Warsaw, is the latest to come out against the scheme. By law such a council's assent is essential if any company is to take part.

The Cemi council has criticised the move to form Elpol, a joint stock company, as little more than a throw-back to traditional centralised methods, albeit camouflaged with the language of economic reform.

Elpol has also been assailed by the Finance Ministry's Department of Industry, which fears the conglomerate will become a powerful lobbyist for funds. Indeed, Elpol is promising significant tax relief to companies which join.

This latest push to centralise the industry crowns more than two years of efforts by conservative officials to establish an electronics concern on East German lines, and it flies in the face of the decentralising reforms the Government is ostensibly committed to.

Cemi's council, which has circulated its decision to others in the industry, says Elpol is being set up "mainly to exert pressure on the budget and extract financial privileges."

"Tax-payers' money" is being used, Cemi says, to persuade companies to give up their "independence and self-governing status and return to the traditional system."

Res Publica finds legal life a trial

By Our Warsaw Correspondent

RES PUBLICA, Poland's first legally independent journal since the war has run into problems with government censors.

Official permission for the journal, which started out as a clandestine publication in the 1970s, came after more than two years of negotiations and finally became part of the cautious political package which followed the release of political prisoners last autumn.

The first issue came out last month and its print run of 25,000, which is high for a monthly journal in Poland, was sold out.

Censorship problems initially were "within the norm" but the third issue prompted a demand to delete several articles and, in effect, presented a challenge to the paper's integrity.

Res Publica has appealed to the chief censor in the hope of having the decision reversed

The censored texts include a critical assessment of Czeslaw Milosz's 1950s book "The Captive Mind," which described the capitulation by some Polish intellectuals to Stalinism, an analysis of Solidarity's experience as a legal organisation and a review of the workings of the post-war legal code on criminal offences.

Bonn in dilemma over Hess

BY LESLIE COLITT IN BERLIN

WESTERN officials in Berlin say the Soviet Union has presented Bonn with a dilemma by agreeing to allow the remains of Adolf Hitler's former deputy, Rudolf Hess, to be handed over to his family for burial in West Germany. Hess died on Monday after an apparent suicide attempt in Spandau Prison where he had been held for more than 40 years.

Moscow has previously staunchly opposed Hess's interment in West Germany, fearing the gravesite could become a shrine for neo-Nazis. The three Western allies in West Berlin, on the other hand, long favoured giving Hess's remains to his wife and son on humanitarian grounds.

The officials said the Soviet Union's change of heart was apparently motivated by its realisation that any neo-Nazi activities at Hess's grave could only embarrass the West German Government. Moscow habitually charges Bonn of condoning extreme right-wing activities whenever it wishes to put West Germany under political pressure.

A former US commandant of Spandau Prison and Hess's lawyer expressed astonishment and doubts about the suicide of the closely guarded prisoner. He was found in a garden cottage of the prison with an electric cable around his neck.

Commission defends food aid scheme

By Tim Dickson in Brussels

THE European Commission yesterday rejected sharp criticism of the running of the Community's Ecu 550m (£380m) a year food aid programme.

A report just published by the Luxembourg-based Court of Auditors, the EC's financial watchdog, identifies a series of management weaknesses based on almost 100 case studies between the years 1976 and 1985. The complexity of the food aid regulations, and certain inadequacies relating to inspection, insurance, and guarantee procedures are among the points highlighted in the study.

An EC official in Brussels, however, explained that action had already been taken by the Commission and the Council of Ministers to sort out most of the problems, and that the document was therefore of largely "historical interest."

Following the adoption last December of a new framework regulation for the programme, the administering of food donations has been more tightly centralised and new guidelines introduced with the aim of meeting more specifically the needs of recipients. The most important effect has been to loosen the traditional links between the food aid programme and the disposal of Europe's agricultural surpluses.

Conceived partly as a means of getting rid of the food "mountains," the scheme since 1968-69 has involved the movement of 23m tonnes of cereals, 1.6m tonnes of skimmed milk powder, 500,000 tonnes of butter oil, and 100,000 tonnes of other foodstuffs such as vegetable oil, sugar, beans, and dried fish.

The Court of Auditors report ranges over a wide variety of managerial issues but concludes that "simple and unequivocal procedures" are desirable. It suggests that contractors should be required to offer performance guarantees from which they would only be released after final checks made at the place of destination.

"In order to make substantial improvements . . . . the objective should be to award contracts in which the services are provided by a single party responsible for conducting the aid operation right from the supply of the product to its delivery at the place of destination, without however excluding the possibility of sub-contracting," the report says.

Diana Smith reports on an industry now recovered from its revolutionary wounds

Algarve hotels hide their battle scars

IT IS FRYING time in the Algarve. Well-oiled foreign tourists are sizzling peacefully from winward to leeward on sunbaked while beaches that interrupt miles of spectacular limestone cliffs and deep, echoing grottoes.

All is so serene that most visitors have no inkling of the fierce backstage battles fought to restore hotels, villas or apartments to health after the traumatic aftermath of the 1975 Revolution and Communist party plans to drag tourism into state hands making the Algarve a sort of Odessa on the Atlantic.

The 1975 hammer and sickle graffiti blooming in the Algarve as exuberantly as almond blossoms scared off thousands of tourists. It did much more than scare proprietors who had sunk fortunes into Algarve developments since the mid-1960s. From March to October 1975, their assets were nationalised, or put under administrative state intervention, or seized by workers bent on self-management. In almost every case, lucrative assets turned into immense liabilities.

The case of the Vas Pinto family, owners of several Algarve developments is typical of the traumas and subsequent battles to regain control and to grow. They might be a yardstick for Portugal's transition from a briefly spell on the Marxist-Leninist track, from which it has taken more a decade to recover, into that of an enthusiastic EC member with ambitions to be prosperous, modern and ecologically-respectable.

Fernao Vaz Pinto, now in his early 60s, his younger brothers and a handful of non-family partners own and run some of the Algarve's most luxurious and ambitious operations. They are now planning the region's first large-scale farming-recreation development in the hinterland.

Last month they became the first hotel operators after 1975 to put a block of shares on to the market in a public offer of sale in order to raise funds for expansion. The operation is all the more symptomatic because among the underwriters and firm takers is the Banco Internacional de Credito and the Espirito Santo Investment Company. Both are owned by the Espirito Santo family which was stripped of banking and assets in 1975 and resumed Portuguese operations in 1986.

In the mid-1960s the Vaz Pinto brothers, Algarve holidaymakers since their childhood and members of a large, old family, perceived that Algarve tourism had huge potential and would require sizeable building supplies. They formed a company to excavate marble in the Alentejo and Algarve, and process it for the building industry.

At the same time Fernao Vaz Pinto fell in love with a patch of vineyards perched on a cliff above a little rock-ringed beach near Lagos.

He bought the land and formed a partnership with several of the small landowners, to develop Prainha, today a low-density, neatly-landscaped cluster of 150 whitewashed villas, low apartment blocks and swimming pool built into a grassy slope at the edge of the ocean.

Soon after, the brothers built and ran the Hotel de Lagos, which began small and now has 287 rooms.

Just as the ventures were beginning to run smoothly and pay off initial debts, the revolution arrived. The family's life and business turned turtle. Prainha was seized by 200 construction workers guided by a Communist party commissar. The marble company staff raced into self-management and, like Prainha, enormous debt. The Hotel de Lagos was put under state intervention. Its debt doubled from Es 200m (£1.4m at the time) to Es 400m within a few months.

By late 1975 the state tourism institution, saddled with loss-making hotels all over

The 1975 hammer and sickle graffiti blooming in the Algarve as exuberantly as almond blossoms scared off thousands of tourists. It did much more than scare proprietors who had sunk fortunes into Algarve developments since the mid-1960s. Their assets were nationalised, or put under administrative state intervention, or seized by workers bent on self-management

Portugal, short of staff and faced with a vertical drop in foreign visitors, was losing its nerve. Once Communist hegemony was undone by moderate army officers in late November, the Vaz Pintos and others began the fight to regain their assets.

They battled with the nationalised banks for four years, exacting arrangements permitting them to regain control with guarantees of viability — that is, cushions against the debts run up in their companies' name while they were alienated from them.

After fierce negotiations—resisted initially by left-wing bank employees who wanted no concessions to capitalists trying to recover their capital, even when the state began to invite former investors back—the Vaz Pintos gained enough financial leeway to ensure that the mountain of debt would shrink, and to give them a reserve from which to resume operations and, if possible, expand.

With the return of tourists, the hotel quickly began to pay for itself. Today, it is financially sound and booked solid.

Prainha took longer to heal: international partners, unnerved by the revolution, backed away, compounding the muddle incurred by naive building workers who had no idea how to operate or market a luxury villa development. But sales and construction of villas have picked up notably since the turn of the decade and the books now look healthier.

The public offer of sale of 21 per cent of Hotel de Lagos stock at a time when such auctions are popular on the booming Lisbon and Oporto stock exchanges, is a turning point for the family.

They are diversifying partners, putting their faith in a market which took more than a decade to recover from revolutionary wounds—nationalisation of most listed companies and public apathy—and shifting into high gear: the final payment on and development of 967 hectares of rolling hills, olive, karob bean, almond and fig groves (with fig trees imported from Smyrna 100 years ago by an eccentric gentleman farmer), fields of wheat, melon and water-melon, and 19th-century farm buildings, called Morgado do Reguengo, a vast property which once belonged to the crown, over which the Vaz Pintos have patiently bargained for 14 years.

Some 1,500 acres will remain farmland, modernised and market-oriented. The fine late 19th century olive presses will be restored to working order. Agreements with fruit and vegetable importers in the UK are now under negotiation for Reguengo produce.

On the other 367 hectares, 45 holes of golf will be built for use by Hotel de Lagos and Prainha guests and residents.

The Vaz Pintos, like contemporaries who shudder at the overbuilt Algarve spots like Portimao and Albufeira, are keen on ecological balance and green space. The eastern Algarve may be doomed to high-rise blight unless the authorities tear down as many illegally-built tower blocks as they have recently razed illegal houses in Ria Formosa: the western end is unspoilt.

A bit late in the day, the tourist authorities have realised the perils of overbuilding and are now promoting quality tourism. The Reguengo experiment is part of a new bid to enhance rather than cement over the Algarve's beautiful natural resources of hills and valleys, mountains and farmland.

Turks hunt Kurds after killings

By David Barchard in Ankara

TURKISH GOVERNMENT troops and police were out in force in the southeastern province of Siirt yesterday in a hunt for Kurdish separatists who killed 25 villagers near the town of Eruh late on Tuesday night.

In a separate incident yesterday at Uludere, near the border with Iraq, one soldier was killed and two injured when their vehicle drove over a mine planted by Kurdish groups.

The latest attack at Eruh has revived doubts about Turkey's control over its southeastern provinces where more than 100 people have died this year in attacks by Kurdish guerrillas from the PKK (Workers' Party of Kurdistan). This attack, like earlier ones, seems to have been a reprisal for the appointment of village guards by the Turkish Government.

Speaking at the official opening of the second Iraqi-Turkish pipeline, the Prime Minister, Mr Turgot Ozal, said the Government would not drop the system of using village guards. The security forces, he said, would quickly catch the terrorists responsible

Turkey has an estimated 6m-8m Kurdish speakers living in its southeastern provinces, and a similar number live in Iraq and Iran. All separatist and regional political activity is strongly discouraged and a senior police officer was recently appointed as emergency co-ordinator for security operations in the area where Tuesday's killings took place.

Loans dilemma of a cash-rich regional bank

BY ROBIN PAULEY AND RICHARD GOURLAY

MULTILATERAL development banks are a conundrum of the modern age. They are generally awash with money. The areas they serve are generally deep in poverty.

However, the wonderful meeting of supply and demand of resources to improve the lot of the poorest developing nations accurs all too rarely.

Although the problem seems to affect all these institutions to an extent, the World Bank is apparently less seriously afflicted than the reigonal development banks.

A range of obstacles, often from within the structure of the development banks, works against the effective delivery of aid where and when it is most needed. These problems are sometimes exacerbated by internal fights among board members over the banks' roles. Latterly, the Americans have tried to exert more influence within the Inter-American Development Bank and there has been much anxiety over the extent of Japanese control of the Asian Development Bank.

The ADB, based in Manila, is a case in point. It covers half the world's population including several of the poorest and least developed countries. It is awash with money which, increasingly, it fails to hand out. Its critics, including several countries which are governors, argue that its innate conservatism and the extent it restricts itself to project rather than programme lending makes it unnecessarily ineffectual.

The question arises: should the ADB alter course and make balance of payments support a goal—switching from project to programme emphasis when such help is desperately needed by many countries ravaged by the collapse of commodity prices and the world recession? Or should the ADB be changed. The latter course implies higher levels of bilateral aid, probably a more efficient way to allocate money for projects. But it also implies that the very poorest countries, unable to make repayment arrangements, might end up with neither balance of payments support nor project funds.

However, a bank such as the ADB risks stagnation and becoming a heavily-bureaucratised marginal institution which history may declare to have missed its mission. Significantly, country member governors from both rich and poor states share this fear.

By banking standards, the Manila-based ADB is a healthy institution. Liquid, highly rated in the international capital markets, conservatively geared and profitable, it is in far better shape than its African or inter-American counterparts. It has progressed far since making its first loan in 1968 — a $5m loan to a Thai bank for re-lending.

As an organisation supposed to transfer resources from rich to poor member countries, the ADB appears to be adrift

But, as an organisation supposed to transfer resources from rich to poor member countries, the ADB appears to be adrift and straining to keep up its lending volumes.

Loan commitments levelled out at about $2bn in 1986 (down in real terms from the previous year) and loan disbursements fell in real terms to $1bn. At the same time, the $600m rise in liquid assets to more than $4bn at the end of last year helped boost net profits by nearly $40m to $237m.

However, the collapse of the bank's net transfer of assets to borrowers—from $421m in 1985 to $237m last year—is the surest sign that the ADB needs to rethink its goals seriously and rapidly, critics say.

Most donor member countries, except Japan whose nationals have dominated the bank and have always held the presidency, agree that the bank is at a crossroads.

The changes the ADB is accused of failing to meet are the result of both economic successes and failures in the Asia-Pacific region. Borrowers such as Taiwan and Korea have graduated into newly-industrialised countries and are repaying loans with their current account surpluses. Earlier this year Thailand refinanced $350m on world markets and prepaid and cancelled $50m of ADB loans, demonstrating both its improved financial standing internationally and the ADB's inability to compete on price.

However, other countries have not fared so well. They face a long-term decline in commodity prices, increasing protectionst resistance to their exports and less friendly world trade than when the Taiwanese economy hit the growth accelerator pedal.

Faced with these changes, the bank's heavy bias towards project lending has been attacked as no longer meeting the traditional borrower's demands. Increasingly, these countries need structural adjustments in their economies—by lowering dependence on oil exports in Indonesia, for example. Or they need additional sectoral support—such as supplies of fertiliser, seed or spare parts for Bangladesh.

What they most certainly do not want is more loans for ports, roads or bridges. While the popular view of the developing world is that lack of infrastructure is a key problem, there is, in fact, a limit to the roads these countries need, especially when their basic industries and subsistence agriculture do not operate effectively.

Countries such as Indonesia, which last year received a special $115m loan for the local cost of projects, has joined many donor countries in pushing for more programme-related and sectoral lending — effectively balance of payments suport that is made conditional on the borrower pursing "sound" economic policies.

Such a change in emphasis would require big staffing changes with economists replacing project specialists. After the recent announcement that 300 jobs are to go at the World Bank, a note of concern is already audible in the corridors of the ADB's Manila headquarters.

Some donor states, led by the US—excluding Japan which resists policy changes especially when it does not initiate them—and some borrowers have called for an immediate major external review so that recom-

Most donor member countries, except Japan whose nationals have always held the presidency, agree that the bank is at a crossroads

mendations can be implemented before the next ordinary capital incretase in 1990.

Mr Stanley Katz, ABD vice-president, admits that one of the institution's shortcomings is the lack of a think-tank to analyse a region's needs and how the bank should adapt to its changes.

However, Japan's resident director in Manila, Mr Takatoshi, said an external review reporting directly to the bank's 48 members would be "very delicate."

Apologists in the bank say changes are already slowly taking place—and, indeed, that as it is an Asian institution, slow change is all that can be expected. Mr Katz points out the bank is discussing policy with borrowers, and will increase programme loans and improve country studies.

Furthermore it could provide more local cost finance for projects to ease the strain on borrowing country budgets.

Others say India, a borrower since last year, and China, a member since then, which together have an almost limitless borrowing capacity, can ensure lending volume is maintained. However, the bank has no lending strategy for India yet and many donors are against the country swamping smaller borrowers. Delhi has already rejected the idea that lending should be made conditional on policy discussions.

China is treading cautiously with its borrowings although the bank expects to make $150m loan this year.

Behind much of the growing dissatisfaction is tension between the US and Japan. As Tokyo looks abroad to try to recycle its rising trade surpluses within the region, it has identified the bank as a vehicle. Tokyo's request of a special capital increase would also give it the control of the bank it says is Japan's by right.

However, Washington does not want Japan to increase its share—in spite of Tokyo's much larger contribution—for fear of losing influence where it feels it has an equal interest. The US is likely to continue blocking the Japanese request.

As the Asia-Pacific moves towards the next century when there will be 4bn people in the region, or two thirds of the world's population, most donors think the ADB can still play a major role. However, without some serious strategic rethinking, it could become little more than an observer of that development.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R. A. F. McClean, G. T. S. Damer, M. C. Gorman, D. E. P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: D. Albino, Frankfurt/Main, Guiollettstrasse 54, 6000 Frankfurt am Main 1, © The Financial Times Ltd, 1987.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

China to take back Hong Kong refugees

By Kevin Hamlin in Hong Kong

THE REPATRIATION to China of the thousands of Vietnamese refugees who have flooded into the territory during recent weeks will begin on Saturday, when it is understood the first batch of about 200 will be returned.

This development follows two days' of talks between Hong Kong and Guangdong province officials in Canton on how to speed the repatriation of the Vietnamese, and prevent more from leaving China.

Most of the more than 7,000 Vietnamese who have arrived in Hong Kong during the past seven weeks have come from China's southern provinces, where many have been resettled for more than seven years. Hong Kong consequently classifies them as illegal immigrants from China.

Mr Dick Clift, the leader of Hong Kong's delegation, yesterday said in Canton: "We both recognised the importance of making clear to other Vietnamese people in this situation that there is no future for them in Hong Kong. They do not hold refugee status, and they cannot look for refugee status in any refugee system. The best way of deterring other people from coming is to get people sent back very quickly.

Repatriation of Vietnamese from China has in the past taken up to one year because of problems in verifying their identities with China's authorities. A joint statement from the two parties said they had "agreed on revised procedures for the return of Vietnamese refugees who had previously settled in mainland China and who had entered Hong Kong illegally," but it did not provide further details.

Huang Chum, leader of the Chinese delegation, was reported as saying he was hopeful that all 7,000 Vietnamese who have arrived in Hong Kong from China would be repatriated within three months.

The joint statement said the parties had agreed "repatriation will take place in a continuous and orderly manner and in groups until all those concerned are returned."

Reports from Canton indicate Hong Kong submitted an initial list of 300 people for early repatriation, and that Huang said about 200 had been verified as having previously lived in China.

Peking clamps down on private businesses

THE CHINESE Government has issued regulations to clamp down on fraud, overpricing, tax evasion and other problems which have accompanied the mushrooming of 12m private businesses across the country. AP-Dow Jones reports from Peking.

The China Daily said yesterday that the State Council had issued the first national law covering private business. The law is to go into effect on September 1.

The law states that villagers and townspeople without other employment are entitled to start private shops after registering with local authorities for licences.

With business licences, entrepreneurs may open bank accounts and obtain bank loans, it said. Self-employed individuals or families can hire one or two helpers or three to five apprentices.

The regulations forbid the self-employed from speculating, swindling, smuggling, illegally driving up prices, deceiving customers about the quality of goods, rigging measuring scales, selling fake or insanitory goods, selling reactionary or pornographic publications, and evading taxes.

All those practices have become serious problems among stalls selling food, household goods and clothing that have sprung up on street corners.

Tehran turns the political tables on Baghdad

Tony Walker reports on mounting Iraqi frustration

IRAQ is intensifying its air strikes against Iranian economic targets on land after a lull in Gulf war fighting amid clear signs of frustration in Baghdad at Iran's apparent skilful manipulation of a United Nations security council resolution calling for an immediate ceasefire in the long-running conflict.

Tehran has not rejected the July 20 UN resolution, thereby denying Iraq an anticipated propaganda windfall, nor has it accepted the draft unanimously approved by the five permanent security council members.

"The Iranians are proving more sophisticated than the Iraqis may have expected," said an experienced Western ambassador in the region. "They are saying neither 'yes' nor 'no.'"

Iran's strategy, according to the official, has been to remain equivocal about the UN resolution in the expectation that Iraq would resume air strikes against oil installations and industrial targets. Tehran would then be able to claim that it was not responsible for breaking the informal truce in hostilities.

If the security council were to proceed to the second phase of the Gulf war resolution, which is discussion about the possible implementation of an arms embargo on whichever side failed to abide by the ceasefire call, it would be difficult for Iraq's supporters to argue for sanctions to be imposed solely against Iran.

Western officials in the region say that an arms embargo against both Gulf war protagonists would harm Iraq much more since it is heavily reliant on supplies from conventional sources, whereas Iran has been forced by circumstances to go to the informal or black market for its military hardware.

Iraq's agreement, under pressure from the superpowers, plus its Arab allies such as Kuwait and Saudi Arabia, to refrain from attacks in the Gulf itself, also appears to be playing into Iran's hands.

Iran's almost total dependence on the waters of the Gulf to tranship its oil had made its supply routes particularly vulnerable to Iraqi air strikes. While Iran was able to maintain exports at respectable levels, it did so with difficulty and at significant financial cost.

A central feature of Iranian official statements since the tanker war began three years ago is that it would only retaliate against Iraqi targets or those of its allies if Iraq struck first. Western officials say that Iran, with a few exceptions, has stuck fairly scrupulously to its policy of "tit for tat" strikes in the Gulf.

These officials say that the UN resolution, the US military build-up in the Gulf and intensifying Iranian pressures on Gulf states since the July 31 Mecca incident, pose a serious dilemma for Iraq which, rather than gaining ground as a result of the unanimous security council call for a ceasefire in the Gulf war, is in fact losing.

Iraq's frustration with developments was evidenced by the resumption on August 10 of bombing raids against Iranian economic targets. On Tuesday this week Iraq hit four oil installations and a power station in south-west Iran in a continuing pattern of air strikes against land targets.

"It's clear," said a Western official, "that the whole tanker war was in Iraq's interests and was kept going by Iraq. Iran was always ready to stop." He added that the superpowers were certain to be telling Iraq that it "cannot re-start the tanker war and hope to give diplomacy a chance."

The Western official said that, apart from the Mecca incident which had added dramatically to nervousness in Gulf states, recent statements by Mr Ali Akbar Hashemi Rafsanjani, the powerful Iranian parliamentary speaker, were also contributing to concern in the hereditary sheikhdoms on the Arab side of the Gulf.

On July 24, Mr Rafsanjani told a prayer meeting in Tehran that Iran would embark on a new policy of reprisals against Iraq's allies in the Gulf should Iraq resume attacks on Iranian economic targets.

"If Iranian economic centres and installations are attacked, Iran will strike at economic centres of Iraq's allies," he said. "Whenever Iran decides to retaliate, it will strike at Iraq's allies whether they be the United States, Britain, France or Kuwait," he added. "Iran will never insist on making the region insecure, we will carry out reprisal actions justly."

Mr Rafsanjani complained particularly about what he described as Kuwait's assistance to Iraq to dredge a channel behind its Bubiyan Island in the northern Gulf to facilitate the movement of Iraqi vessels into and out of their Umm al Qasr base by way of the Khor Abdullah channel.

Mr Rafsanjani's comments coincided with reports from Tehran of differences within Iran's war council over Gulf war strategy. The speaker himself was quoted recently by the Tehran daily, Ettelaat, as saying: "We have to take the political decision whether to launch an all-out offensive or to wage a war of attrition against Iraq." Recent indications are that the latter point of view may be prevailing.

South Korea strikes hit leading exporters

SPREADING LABOUR unrest disrupted South Korea's top exporters yesterday and the military-backed Government threatened to intervene, Reuter reports from Seoul.

The country's three car-makers, two leading shipbuilders and a top electronic manufacturer were among more than 190 concerns affected by an explosion of labour disputes in key mining, manufacturing and transport industries.

Striking electronics workers swerved 40 fork-lifts through their factory in protest joyrides yesterday while car assembly-line workers this morning battled strike-breaking white-collar employees.

In the volatile east-central mining area, about 24,000 coal miners went on strike at 18 mines, including the country's largest. Police reported intermittent clashes. Fifteen other mines in central and southern South Korea were also closed by strikes.

The main fish market in Pusan, the country's largest port, closed when 600 fishermen staged a sit-down for more pay and then smashed market furniture in violence countered by police firing teargas.

Labour Minister Lee Heun-ki said the wave of strikes had cost the economy at least $180m in lost production and exports in the past 15 days. He warned that the government was losing patience.

"If the labour disputes spread further, impeding the lives of the public and posing unacceptable damage to the economy, the government will have no choice but to deal with them in accordance with law," he said in a statement.

US-protected tanker convoy slips into Gulf

BY TONY WALKER IN BAHRAIN

A fresh convoy of Kuwaiti ships under US naval escort was sailing northwards towards Kuwait late yesterday after slipping into the Gulf under cover of darkness to link up with the marine assault vessel, USS Guadalcanal standing by off Dubai for much of Tuesday.

The arrival in the Gulf of the convoy of at least three vessels escorted by US warships took observers by surprise. It was expected that a convoy waiting fully loaded in waters off Kuwait for several days would be the next to be escorted through the Gulf.

According to eyewitness reports, the latest convoy up the Gulf was making relatively slow progress. At one point it stopped off the United Arab Emirates while mine-hunting Sea Stallion helicopters from the Guadalcanal flew over waters in the convoy's path.

Meanwhile, Iran has claimed that its artillery sank four Iraqi gunboats on Tuesday in the northern Gulf and set ablaze a military vessel.

Irna, the Iranian news agency, said the gunboats were hit in a channel separating Kuwait and the Faw peninsula. Faw, Iraqi territory at the head of the Gulf, was occupied by Iranian forces early in 1986.

Iran has installed artillery and missile batteries on the Faw peninsula from where it is capable of menacing parts of Kuwait and Iraq's naval base at Umm al Qasr joined by the Khor Abdullah channel to the northern Gulf.

In Baghdad, a military spokesman denied Iran's claim that it had sunk several Iraqi boats. He was quoted as saying by Iraq's news agency that "no battle took place between Iraqi and Iranian naval vessels yesterday."

Meanwhile, Iran has denied that one of its gunboats attacked a Liberian-registered tanker outside the Gulf on Tuesday.

An Irna reported claim that the attack on the Norwegian-owned Osco Sierra, which took place about 45 miles off the UAE, was "a suspicious movement aimed at creating tension in regional waters."

Iran has previously blamed the US for seeking to add to tensions in the region by engaging in provocative actions. "The Islamic Republic of Iran has announced time and again that as long as the Iraqi regime refrains from attacking ships Iran will not embark on retaliatory measures," the Irna report said.

Iraq denies losing boats in sea battle off Faw

IRAQ YESTERDAY denied a Tehran claim to have sunk several of its boats in the northern Gulf yesterday, Agencies report.

A military spokesman told the official Iraqi news agency that "no battle took place between Iraqi and Iranian navy vessels yesterday."

Iran had said its coastal artillery sank four Iraqi gunboats and set another military ship ablaze. The Iranian news agency Irna said the four gunboats were hit in the channel separating Kuwait from the Faw peninsula, captured by Iranian forces from Iraq in February last year.

Iran also said its coastal artillery had set ablaze another military ship in the northern Gulf.

In a separate report, Irna said 100 Iraqi soldiers, including a battalion commander, were killed when Kurdistan rebels opposed to Baghdad attacked 10 army bases in northern Iraq.

Tehran Radio said Iranian forces would strike at economic and military targets in Iraq in response to Iraqi bombings which it said killed or wounded several Iranians in south-west Khuzestan province.

Iraq had raided four factories in Khuzestan and bombed a town and a village along the western Iranian border, it said.

Inside job suspected in Sri Lanka attack

"IT WAS an inside operation," said President Jayawardene's media adviser, Dr Sarath Amunugama, in the only official comment on Tuesday's attempt to kill the President, ministers and government MPs in a grenade attack that followed a single pistol shot aimed at Mr Jayawardene.

Detectives interrogated parliamentary staff, including the police security personnel assigned to the Speaker and parliament's secretary-general. After the interrogation which lasted till midnight, all permanent staff and workers in the parliamentary complex were ordered to report for duty yesterday.

While Colombo itself is thick with rumours of conspiracies and plots, some quite Byzantine, the BBC's resident correspondent received a call from someone claiming to be a member of a little known organisation named the Patriotic Peoples Front. He said that the front was responsible for the attack and that it would continue such "operations" until the peace accord with India was abrogated and the 7,000-strong Indian peace-keeping force in the north and east ordered to leave. He said he was prepared to arrange a meeting with the front's leaders.

The Government regard it as a hoax, although such a front has been quite open in its propaganda efforts. It is a strongly pro-Sinhalese organisation with an ideological position not very different from that of the proscribed JVP, which the Government believes organised the attack. A mass-circulating Sinhalese newspaper also received a telephone call yesterday evening with the identical message from the Patriotic Peoples Front.

When the Cabinet met yesterday, Prime Minister Premadasa was absent. He was slightly injured in the grenade blast.

In a brief statement, Mrs Bandaranaike, the former Prime Minister, and Mr Jayawardene's most formidable opponent, expressed shock and grief. She called on the government to restore democratic rights.

Five Namibians arrested

BY OUR FOREIGN STAFF

POLICE ARRESTED five leading black nationalists yesterday in a series of raids in Namibia on the homes and offices of politicians, trade unionists and students.

The political wing of the South West Africa People's Organisation, which campaigns legally inside Namibia for the territory's independence from South Africa, was the main target of the crackdown.

Those detained were: Mr Hendrik Witbooi, Swapo's vice-president; Mr Daniel Tjongarero, its national chairman; Mr Nico Bessinger, foreign affairs spokesman; Mr Anton Lubowski, the prominent white Swapo member; and Mr John Pandeni, a trade unionist.

Police said the five were held in connection with terrorist offences, including a car bomb explosion in the capital Windhoek last month. Swapo's military wing, backed by the UN, has been waging a guerrilla war from bases in Angola over the past 21 years in an attempt to wrest control of Namibia from South Africa.

AMERICAN NEWS

Mexican VW talks fail to halt 50-day dispute

BY WILLIAM ORME IN MEXICO CITY

STRIKING VOLKSWAGEN workers again failed to reach agreement with management yesterday as one of the longest strikes in the history of the Mexican automobile industry entered its 50th day.

From the start, the dispute has been marked by unusual bitterness and recalcitrance on both sides. Volkswagen, Mexico's biggest car maker, and the largest employer in the industrial city of Puebla, was accused by unions of deliberately delaying negotiations while it tried to sell thousands of cars out of storage.

The union, meanwhile, has been attacked by Puebla civic leaders for such tactics as hijacking buses and blocking traffic outside the factory on the highway connecting Puebla to Mexico City, 70 miles to the west.

In a meeting on Tuesday the Volkswagen union rejected the company's offer for a 30 per cent raise and reiterated demands for a 70 per cent increase. The two sides are far closer now than they were when workers first walked out in late June, however.

The Volkswagen union, traditionally militant and one of the few large industrial unions not affiliated with Mexico's ruling party, originally demanded a 100 per cent base pay raise plus a 23 per cent "emergency" increase linked to the last national minimum wage adjustment.

Management, arguing that Volkswagen workers earned more than industry norms following a near-doubling of their wages in the previous year, countered with a proposal for a 15 per cent reduction. This was the first time that a major Mexican employer had attempted to roll back wages in contract talks.

Volkswagen eventually abandoned its wage cut demand. Last week it also withdrew requests for a reduction in benefits, along with a legal petition to lay off 700 of its 10,500 unionised workers.

Because of the depressed state of the Mexican car market, Volkswagen had little incentive to reach an early settlement. By shutting down its under-utilised factories and selling surplus inventory, the company is believed by industry analysts to have saved money during the stoppage.

In 1983, the first full year of Mexico's IMF-supervised austerity programme, truck and car sales plummeted to 273,000 units, a 42 per cent drop from 1982. Slight gains in 1984 and 1985 were erased by a 34 per cent contraction of the market in 1986.

Exports, however, have climbed dramatically in the last five years, pushed by the drop in local costs and by a 1983 decree requiring car companies to maintain a positive trade balance. Last January alone, Mexico shipped 8,300 cars and trucks abroad—more than all its total vehicle exports in 1982. Yet, export sales have not compensated for the drop in the local car market.

Excepting the cars imported into the northern border free trade zone, all of Mexico's cars are produced domestically by the local seubsidiaries of five international manufacturers — Volkswagen, Nissan, Ford, Chrysler and General Motors.

Toyota, meanwhile, was reported this week to be considering starting vehicle assembly operations in factory installations abandoned by Renault two years ago.

The Mexican economy, which contracted sharply last year, will probably rebound strongly by the last quarter of the year, a private economic research group said, AP reports from Mexico City.

The Centre for Private Sector Economic Studies, the research arm of a prominent business organisation, projected the economy would grow between 3 per cent and 4 per cent in the last three months of the year.

If so, it said, the economy would register a growth pace slightly above 1 per cent for the year as a whole.

The economy contracted a sharp 3.8 per cent last year in a decline spurred by falling world oil prices.

Mexico, the world's fourth largest producer of crude, counts heavily on oil revenues to fuel its economy.

US stresses support for Guatemala peace plan

THE REAGAN Administration has committed itself to working for the success of a Central American peace plan despite grave doubts about some provisions and opposition from some of the President conservative backers, Reuter reports from Santa Barbara, California.

Within President Reagan's Republican Party, opponents to diplomatic efforts to end strife in the region yesterday urged him not to allow peace plans to distract him from supporting the Contra rebels who are fighting the leftist government in Nicaragua.

Representative Jack Kemp of New York, a presidential hopeful, said that his group of prominent conservatives opposed the peace plan signed by five Central American countries in Guatemala on August 7.

He said it would introduce legislation for $310m in aid to the Contras before September 30 when current assistance of $100m runs out.

The White House promptly distanced itself from the move, saying from Santa Barbara, where President Reagan is on vacation, that it would stand by a promise not to seek more aid before September 30.

Ministers meet

FOREIGN ministers of the five Central American countries, meeting in San Salvador, yesterday began the task of turning a loosely-drawn peace plan for the region into reality.

The agreement reached on August 7 by the presidents of Costa Rica, Niciragua, Honduras, El Salvador and Guatemala gives them 90 days to put into effect cease-fires and amnesties for political prisoners, eliminate foreign sanctuaries for rebel forces, halt aid to insurgents, and begin "democratisation."

Managua in oil plea

THE Sandinista government of Nicaragua said on Tuesday it lacked the oil needed for the rest of the year and that failure to obtain it would weaken efforts to reach peace with US-backed Contra rebels, AP-DJ reports from Managua.

Vice-President Sergio Ramirez called on "the countries who are friends and supporters" to resolve the problem.

Debt owed to banks falls

THE debt which developing countries owe to US mofficial banks dropped in the first three months of this year, according to figures from the Federal Reserve System, AP reports

Total debt in Asia was down by $676m in March from December 1986, in Latin America by $596m and in Africa by $106m, according to figures the Federal Financial Institutions Examination Council released this month. Debt owed by oil-exporting areas dropped $910m.

Several countries, however, hae suspended payment on principal and even interest: Brazil, Ivory Coast, Ecuador, Bolivia and Sudan, among others.

Union calls off 10-year boycott of Coors beer

THE AFL-CIO is calling off its decade-old boycott of Coors beer, ending the longest and one of the most bitter industrial disputes in recent history, AP-DJ reports from Washington.

Mr Rex Hardesty, a spokesman for the 13m-strong labour federation, confirmed on Tuesday that an agreement had been reached but would not disclose the details.

However, he described the settlement as "arguably the biggest victory in my time at the federation, and that covers 18 years."

The AFL-CIO launched the boycott of Coors products in 1977 when 1,500 members of the local branch of the old brewery workers' union walked out in a dispute over the company's wish to subject its employees to lie deetector tests.

Eventually, Coors replaced the striking workers and the branch was decertified

A labour source said the seettlement resolves to the AFL-CIO's satisfaction its desire for timely union representation elections without company interference at Coors' brewery in Golden, Colorado.

First black candidate for the presidency leads field for Democrat nomination

Jackson plays to wider audience

"SAVE THE worker, save the farmer, save the children, give peace a chance," the Rev Jesse Jackson shouts as he leads local Democrats in a rhythmic chant that sums up his political programme, Reuter reports from Marion, Iowa.

"Democrats in '88, all the way in '88," Mr Jackson adds to the chant – as if suddenly remembering that he has taken a vow of party loyalty in a bid to put a Democrat in the White House in next year's presidential election.

Despite the competing tugs of party loyalty and the natural "shake 'em up" style of his years as a political outsider, Mr Jackson tops opinion polls in the eight-person race for the Democrats' 1988 presidential nomination.

Some political experts discount his lead in the polls on the theory that Mr Jackson – a black minister who first came to prominence as an aide to the late civil rights leader, the Rev Martin Luther King – cannot win enough white votes to gain the nomination.

These analysts say Mr Jackson's standing in the polls is inflated because he is the only nationally-known figure in the race. They also note that most voters are undecided and say they have unfavourable feelings toward Mr Jackson.

Mr Jackson, who has not yet formally declared his candidacy, bristles at these views.

"They are attributing my standing to name recognition when it's really service recognition," he says.

In his public remarks, he wins laughs with the observation that "name recognition" might be a legitimate explanation if his name was Jesse Joe Kennedy or Jesse J Rockefeller – a reference to two of the US's most powerful families.

"But when you hear the name Jesse Jackson you think of someone defying the odds," he adds as he launches into a litany of events – from civil rights marches to the release of a US pilot held captive in Syria – that he says voters associate with him.

In Iowa, which has staggered under a recession that has driven thousands of families into bankruptcy, Mr Jackson has offered himself as a spokesman for struggling farmers, laid-off workers and the economically-dispossessed of all races.

Here in Marion, where his talk to about 1,000 mostly white Democrats at an outdoor barbecue won emotional applause, kisses and handshakes, there is clearly a connection that goes beyond name recognition.

"He doesn't put any frosting on the cake. He comes right out with it," Mrs Marie Ellingson, a farmer's wife, says with approval of Mr Jackson's charge that US corporations are exploiting "slave labour" overseas at the cost of US jobs.

"He says what hits peoples' hearts," adds her husband Orville, who says he is somewhat surprised by the reception accorded a tough-talking black man in a state where less than 2 per cent of the population is black.

There is dispute over how much electoral support Mr Jackson will finally win in Iowa, which opens the presidential nominating contest next February with local party votes that have made the state a presidential king-maker.

There is little doubt that he is stirring emotions.

"Mr Jackson is addressing the real pain in people's lives and connecting it to the political process," says Mr Dixon Terry, Iowa's Farm Unity Coalition director, a liberal group that lobbies on behalf of economically-troubled farmers.

Mr Terry says Mr Jackson has been able to overcome racist attitudes by toning down his rhetoric.

"The changed attitudes toward Mr Jackson couldn't have happened without the change in Mr Jackson," he adds.

Mr Jackson, although still capable of igniting a crowd with fiery rhetoric, is much more different this year from the candidate who terrified the Democratic Party in 1984 when he won 3.5m votes as the first black to make a serious run for the presidential nomination of a major US political party.

In 1984, with little organisation or money, Mr Jackson won 20 per cent of the Democratic presidential primary votes, mostly from blacks thrilled to see one of their own rattling the predominantly-white political power structure.

He gained the third largest block of convention delegates behind former Vice President Walter Mondale, the eventual nominee, and then-Senator Gary Hart of Colorado.

But he railed bitterly against party rules he felt deprived him of still more delegates, and he kept party heads quaking over the prospect he would lead a black political revolt and deprive the Democrats of votes from their most loyal constituency.

This year, Mr Jackson has gone out of his way to reassure nervous party leaders.

"He has been making a deliberate effort to establish trust with regular party members," says long-time aide Mr Frank Watkins, who also discounts some recent speculation that Mr Jackson will decide not to enter the campaign.

"All my teeth would drop out if he doesn't run," he says.

In speech after speech, Mr Jackson emphasises that "the key question is how can we (the Democrats) win."

Former Time chief may take Vienna post

PRESIDENT Ronald Reagan is expected to nominate Mr Henry Grunwald, former editor-in-chief of Time Inc., as ambassador to Austria, Reuter reports from Washington.

Mr Grunwald, a Vienna-born Jew who fled the Nazis in 1940, would take over the post at a sensitive time in US–Austrian relations following the US ban on Austrian President Kurt Waldheim entering this country because of his alleged complicity in Nazi war crimes in the Second World War.

At the California White House in Santa Barbara, presidential spokesman Marlin Fitzwater today said only that Mr Grunwald was being considered for a government position.

But other officials confirmed press reports that Mr Grunwald, who resigned from Time on Monday, is undergoing background checks for the ambassadorial post.

The officials said the nomination was not yet an absolute certainty but that Mr Grunwald's name was expected to go to the Senate for confirmation within the next month.

The US ban on Mr Waldheim, a former UN Secretary General, has complicated the US's normally good relations with Austria.

The Justice Department has said there is evidence that Mr Waldheim was involved in the deportation of Jews and the execution of partisans while serving in the German army in the Balkans.

The officials said the Waldheim question was certain to be raised in confirmation hearings before the Senate Foreign Relations Committee but was unlikely to drag them out.

Mr Grunwald, 64, would succeed Mr Ronald Lauder, son of cosmetics maker Estee Lauder.

Mr Grunwald retired early from Time after 40 years with the publishing firm. He began at Time as a copy boy

WORLD TRADE NEWS

Nigeria acts over music piracy

By David Thomas

THE WEST'S music industry believes its drive against music piracy in Nigeria is beginning to have an impact.

Nigeria is the biggest music market in Africa, with annual sales of about 23m records and cassettes. However, the industry estimates that about 70 per cent of these, with a retail value of about $30m, are pirated.

The music industry has won four anti-piracy cases involving the award of damages in the Lagos courts in the past year, including one where the court ordered the destruction of 200,000 pirate cassettes.

Moreover, Nigeria's attorney general, Prince Bola Ajibola, told a seminar organised by the music industry in Lagos last month that the Nigerian government would be introducing tougher legislation to replace the 1970 Copyright Act.

Mr Peter Crockford, the anti-piracy co-ordinator of the International Federation of Phonogram and Videogram Producers, the international music trade association, said: "The Attorney-General's statement is most encouraging since it is the first formal public commitment by the Nigerian Government to the introduction of copyright reforms."

The federation is also engaged in anti-piracy drives in some Far East countries, particularly Indonesia and Singapore.

Hitachi extends links with Deere

By Ian Rodger in Tokyo

HITACHI CONSTRUCTION Machinery, a leading Japanese construction equipment maker, said yesterday it had agreed to expand its co-operation with Deere, the large US firm and construction equipment group.

Under the agreement, Hitachi and Deere will supply each other with different models of wheel loaders on an original equipment maker basis. Hitachi will make smaller models and Deere medium-sized ones.

$400m aircraft order

TEXAS AIR CORP (TEX) has placed an order worth about $400m for 16 ATR-42 turboprop passenger planes with the Franco-Italian Gie Avions de Transport Regional consortium and taken options on a further 34, Reuter reports from Paris.

Japanese secure $400m gas plant deal in Indonesia

BY JOHN MURRAY BROWN IN JAKARTA

TWO Japanese companies have won a $400m contract to expand Indonesia's liquefied natural gas facility at Bontang on the island of Kalimantan.

Chiyoda and Mitsubishi beat Lurgi and Kellogg of the US in securing the deal to build a fifth liquefaction train, which processes the raw gas into LNG.

The expansion is aimed at meeting increased demand for gas following the signing in March of a 20-year contract with China Petroleum Corporation of Taiwan to supply 1.5m tonnes a year.

When first delivery starts in 1990, Indonesia's sales will be boosted in volume by 24 per cent.

Financing has yet to be finalised, but Chiyoda has already started work on the plant, which is expected to be completed in time for the first shipment.

Officials yesterday confirmed Chiyoda was covering its own costs while negotiations continue between Pertamina, Indonesia's state-run oil company, and Industrial Bank of Japan, which is expected to act as lead manager of the loan.

Under the likely agreement, operating costs, debt service charges and transportation costs are to be recoverable from sales revenues due to Pertamina.

However, the lenders will have not direct recourse to Indonesian state oil company as sales receipts will be lodged with Pertamina's trustees, in this case Continental Bank International of New York.

It is one of three long term LNG accords entered into by Pertamina, which accounts for almost all of Indonesia's gas exports, valued at $2.09bn in 1986-87 according to figures from the central bank.

Pertamina conducted one spot sale last year with Distrigas of Boston, using Total, the French oil company, as intermediary in what was the first LNG cargo sold to the US from a country other than Algeria.

Malcolm Stephens: exciting techniques

ECGD reviews aircraft cover

BY PETER MONTAGNON, WORLD TRADE EDITOR

MR MALCOLM STEPHENS, chief executive of the UK's Export Credits Guarantee Department, has told staff that the agency is considering new mechanisms to improve its ability to cover UK exports of aircraft.

His disclosure came in a video presentation to staff in which he outlines objectives for the agency which he has headed since April. Industry executives believe that the new techniques mark an attempt to make it easier for ECGD to cover sales of the European Airbus for which British Aerospace is the UK consortium partner.

Mr Stephens said in the video that ECGD is "finalising some exciting techniques for handling aircraft sales," but he gave no details and an ECGD spokesman declined to comment further. It is understood that the new proposals require discussion with other government departments.

However, aircraft industry executives note that ECGD has sometimes been slower to come up with cover for Airbus sales than its counterparts in France and Germany. Among changes which they are now looking for from the ECGD would be arrangements to make more cover available more speedily without impinging on its existing limits for individual countries.

Financing aircraft sales would also be made easier if ECGD could offer insurance for leasing arrangements which would protect lenders against the risk that operators refuse to hand back an aircraft which is attached by the lessor because of an interruption of payments.

The increasing use of leasing schemes in aircraft finance has raised new questions for export credit agencies because it is harder to define the geographic distribution of the risk involved and because of uncertainty over how such finance should be treated in the event of reschedulings.

Some specialists believe it will be necessary for these issues to be raised in the framework of the Organisation for Economic Co-operation and Development whose consensus on export credit arrangements includes special rules for large aircraft financings.

US share of world electronics market declines

JAPAN and European countries are increasing their share of international trade in electronics products while the US share is diminishing, according to a survey by the American Electronics Association, writes Louise Kehoe in San Francisco.

It says the US share of electronics trade with 10 of its largest trading partners fell by 3.1 per cent between 1984 and the first half of 1986.

Mr Richard Iverson, the association president, said the survey demonstrated the diminishing competitiveness of US high technology companies in the global marketplace.

The survey, which covered the US, Japan, Korea, Taiwan, UK, West Germany, Italy, the Netherlands, France, Singapore and Canada, ranks Japan as the largest exporter with 31.1 per cent of the $63.5bn electronics trade in the first half of 1986. In 1984, Japan held a 30.6 per cent share.

The US accounted for 25.5 per cent of the total in 1984 and 22.4 per cent in the first six months of 1986.

The next leading electronics exporter in 1984 was West Germany with 9.4 per cent. It was in third place again in 1986 (six months) with 11.3 per cent. Also gaining market share were France, the UK, Italy and the Netherlands. Surprisingly, the shares held by Korea and Singapore were slightly down

US link for Japanese toolmaker

By Ian Rodger in Tokyo

OKUMA Machinery Works, one of Japan's leading machine tool makers, has reached agreement in principle to develop factory automation systems with Allen-Bradley, the US controls group.

The Japanese company would not give further details pending signing of the agreement, which is expected shortly.

Okuma has also agreed to buy Allen-Bradley numerical control computers for installation in its lathes and machining centres that are assembled and sold in the US.

Last May Okuma opened a factory in North Carolina, and the company is eager to raise the level of local content in its machines sold in the US as rapidly as possible, partly to ease trade friction and partly to get around the voluntary restraint agreement on Japanese machine tool exports to the US.

Last November the Japanese machine tool industry agreed to restrain shipments of six types of machine tools to the US for a five-year period. Shipments in the current year to be 20 per cent below the peak 1985 level.

Michael Jeffree reports on the accelerating growth of an industry moving upmarket

South Korean shoemakers step on to fast track

A PAIR of South Korean trainers used to be a good excuse for losing at squash. They generally had poor grip, were ill-fitting and began to fall to pieces in the third or fourth match. Today it is a different story.

No one is pretending that the whole of the industry has switched overnight from a low-price producer of sports footwear to a rival for the Italians. Most of their output, with average wages of $2,000 to $3,000 a year, is still cheap by Western standards.

But overall, manufacturers have been shifting up market and the trend is accelerating. Most of the big sports shoe producers are turning out a better-looking, better-designed product and manufacturers are making more highly specified, anatomically correct shoes to meet the demands of athletes.

Trainers, joggers and basketball boots may still be the staple product, but the South Koreans are also turning out such exotica as spiked track shoes, baseball, golf, weightlifting, fencing and boxing footwear and even ski boots. A big growth area is in specialist aerobic shoes.

Leathers are bought largely from abroad and finished by the increasingly competent South Korean tanners. Last year, largely because of the prodigious appetite of the shoemakers, the country became one of the biggest leather and hide buyers in the world.

The leather dress and casual shoemakers, while quite matching the success of their sports shoe colleagues, are following a similar path, importing superior grade leathers, mostly from the US and Europe. Some of their products sell for over $100 a pair in the US, and two companies have won contracts with European fashion houses such as Nina Ricci and Charles Jourdan.

These assiduous efforts to improve quality are equalled only by the efforts to boost sales. In spite of an increasingly competitive world market, they still see scope for substantial growth.

About 130 and 150 shoe exporting companies employ some 140,000 people and last year they broke all previous records with total overseas sales of 34.8m pairs, worth $2.1bn. This made shoemaking South Korea's fifth biggest foreign currency earner, accounting for 5 per cent of all exports.

It also made the country the third biggest shoe supplier in the world after Italy and Taiwan, with their respective 1986 shoe export totals of around $5.6bn and $3.2bn.

Growth is not expected to be as dramatic in 1987 as it was last year, but total exports are expected to rise to between $2.2bn and $2.4bn.

Until now the vast bulk of production has been under the name of the overseas buyer—Nike, Reebok, Adidas, Puma, Hi Tech and so on. The customer has usually furnished the design, specification, the pattern and last, and has normally dictated the price. But now many manufacturers feel established enough to sell shoes under their own name.

To date successes in own brands has been limited and 90 per cent of all exports are still made to an overseas buyer's specification, but many companies are persisting with their own branded footwear. All the big athletic shoe makers have or are developing their own ranges, with the two biggest, Kukje ICC and the HS Corporation being, perhaps, the most successful.

Advertising for the manufacturers' own sports shoe labels was much in evidence at the Asian Games held in South Korea last year and they expect the jamboree that will accompany the Seoul Olympics next year to give them even greater opportunities.

The South Koreans believe the shoe industry's prospects are generally bright, but know there are obstacles ahead. The domestic political situation apart, the blackest cloud hanging over the industry is the possibility of restrictions on shoe imports in the US. In the past decade the US shoe industry has been emasculated by cheap imports, mainly from South Korea and Taiwan, and manufacturers are once more pushing a bill through Congress to put a ceiling on sales of foreign shoes.

Whether the measure will succeed remains to be seen, but the South Koreans, who depend on the US for around 75 per cent of export sales (worth $1.5bn in 1986) are clearly concerned.

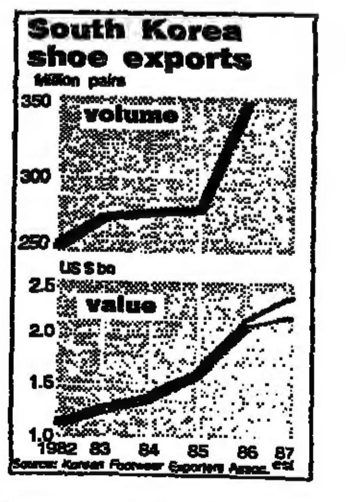
To placate the Americans they, like the Taiwanese, are proposing self-restraint, promising to keep exports at last year's record level this year with agreed per annum growth in the future.

Against the chance that restrictions are imposed, the South Koreans are also aiming to diversify their overseas markets, looking in particular towards Europe, Canada and Japan. The latter took $132m worth of South Korean shoes last year, and although this is less than 10 per cent of sales to the US, manufacturers are convinced the market will open up.

They are also hoping for better sales on the domestic market which now absorbs around 80m pairs of mainly cheap shoes each year.

The other threat to the South Koreans' continued progress is the growth of cut-price competition in developing countries.

South Korea may still be a cheap labour country by Western standards but, like Taiwan, it is gradually losing this status to Malaysia, China, Thailand and the Philippines.

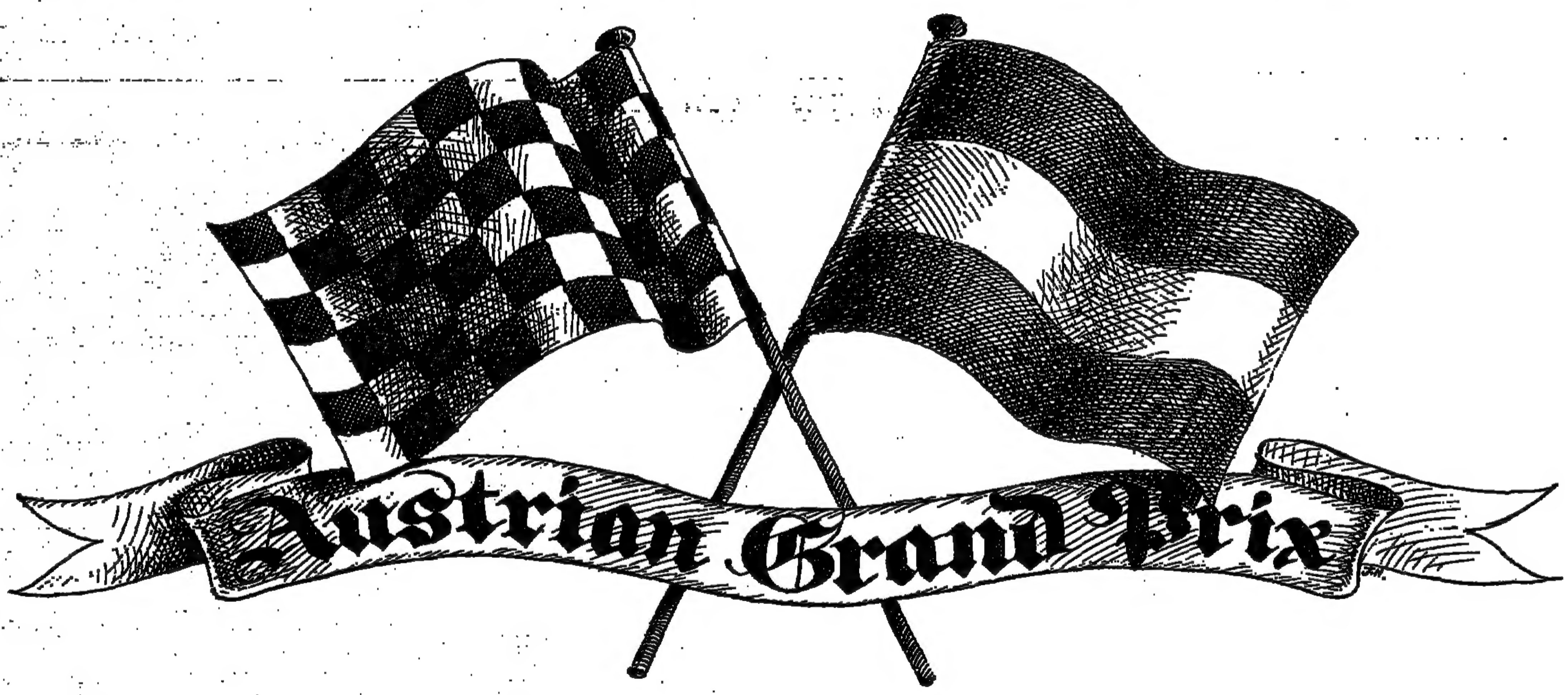


These countries are already churning out millions of pairs of the more basic shoes and the big names in US and European sportswear are moving in, setting up factories and joint ventures.

While they do not underestimate their rivals, most of the South Koreans believe that they meet the challenge.

Michael Jeffree is editor of Footwear International

Mobil 1, two, three and four.



The Williams Team certainly know how to win.

As Nigel Mansell and Nelson Piquet have proved, once again running away with first and second place.

But then, they do always insist on Mobil's synthetic oil, and Mobil fuel.

So too do Teo Fabi and Thierry Boutsen, the Benetton duo that scooped third and fourth place.

Both oil and fuel have been specially designed to cope with the extremes of the race track.

And the oil boasts a formula so advanced that it actually produces less friction, which in turn leads to greater power.

Fortunately the benefits of our synthetic oil technology are not exclusive to motor racing.

They're also available to your motor, in the form of Mobil 1 Rally Formula.

We think you will find it runs rings round your old oil.

Mobil 1 Rally Formula

The world's most advanced motor oil.

UK NEWS

Institute forecasts 1.1% rise in inflation next year

BY JANET BUSH

BRITISH inflation is likely to rise next year and the underlying position on the balance of payments is deteriorating but current fears that the economy could be overheating are exaggerated, according to the National Institute of Economic and Social Research.

In its latest Economic Review, the Institute forecasts the annual rate of retail price inflation will rise from 3.8 per cent in the last three months of this year to 4.9 per cent in the final quarter of 1988.

The current account of the balance of payments is expected to show a deficit this year of just £1bn, much more optimistic than the Treasury's budget forecast of £2.5bn, rising to a shortfall of more than £3bn next year.

The Institute argues that the current economic recovery does not have the characteristics of a boom as buoyant demand is the product of strong rises in real earnings and not of a surge in credit.

In turn, strongly rising real earnings are not the result of companies awarding large pay rises because of labour shortages but rather because of a sustained improvement in productivity growth.

In the medium-term, the Institute sees the economy reverting to its pattern in the 1970s of slow growth and balance of payments difficulties.

But it concedes its forecasts are based on a model drawing from data for the last 20 years and could be unduly pessimistic.

If the Institute's forecasts of a sharp deterioration in the balance of payments and slower growth next year of between 2 per cent and 2½ per cent are proved correct, it is difficult to judge the appropriate policy response.

Any fall in the exchange rate would add to inflation at a time when it seems likely to increase a little anyway, whereas fiscal deflation – for example, by postponing the tax cuts planned for next year – would slow down growth even more than is forecast for next year, adding to the still very high level of unemployment.

The Institute forecasts interest rates will remain at the present level of about 9 per cent to 10 per cent for the next 12 months.

Any subsequent decline would depend on market confidence in sterling being maintained despite the continuing balance of payments deficit.

Details, Page 8

Rail staff relations 'in danger'

BY DAVID BRINDLE, LABOUR CORRESPONDENT

STEPS BEING taken by state-owned British Rail to cut its public subsidy appear to be having "unfortunate consequences" for its industrial relations, according to the independent Railway Staff National Tribunal.

In a ruling published yesterday, the tribunal makes no increase in a 4.5 per cent pay rise imposed by BR earlier this year. But it gives a warning: "Although there has been a significant improvement in the railway's underlying financial performance, the unions' perception is that little or nothing of this feeds back to their members."

It adds: "If that belief were left to persist, it would worsen the climate and conduct of industrial relations and make co-operation for change more difficult."

The tribunal recommends BR and the rail unions to undertake a comprehensive review of job and pay structures in the lower staff grades. This could, it says, have a big impact on both operational efficiency and wages and conditions.

The unions had asked the tribunal, the industry's main internal appeals body, to award an improvement in the pay rise for BR's 138,000 manual and white-collar railway employees.

The tribunal notes, however, that the February-to February Retail Price Index figure has traditionally had an important influence on the pay negotiations. As the relevant figure this year was 3.9 per cent, the 4.5 per cent award provided a real increase in the value of basic pay rates.

Additionally, the tribunal says it took account of the tight financial limits within which BR is operating this year.

BR has reduced its call on the taxpayer through the Public Service Obligation (PSO) by a total £260m in the past three years. In 1986-87, it exceeded by £16m its target of a reduction to £736m; by 1990, the target is £555m.

Union likely to change constitution

BY OUR LABOUR STAFF

NALGO, the local government white-collar union, is expected to change its constitution after being found to be in breach of the Trade Union act 1984 on two counts.

But the change would leave Nalgo still in breach of further union legislation proposed by the Government.

Nalgo has been one of the fiercest opponents of the 1984 Act, arguing that it requires Nalgo to make its constitution less accountable in respect of the minority of its members outside local government.

This applies to Nalgo's practice of appointing the chairmen of its eight national service committees to its national executive where they are not also elected executive members.

After a complaint by Ms Tracy Shears, a Nalgo and Conservative Trade Unionists organisation member, the Certification Officer ruled yesterday that the union had flouted the Act last year when six service committee chairmen were appointed to the executive.

Unions plan Labour cash boost

By Philip Bassett, Labour Editor

LEADERS OF the Trade Unionists for Labour group yesterday proposed a radical reshaping of unions' financial contributions to the Labour Party in the wake of a £1.3m shortfall in union funding of Labour's 1987 general election campaign.

About 30 trade union leaders on the executive of TUFL, the unions' co-ordinating body for Labour campaigning and fund-raising, endorsed the need for TUFL to continue.

They also agreed to ask their unions to consider proposals aimed at providing Labour with union finance on a regular, structured basis.

Some Labour Party leaders, however, have questioned the future of TUFL as an independent group.

It also emerged yesterday in an unrelated development that Mr Bill Keys, TUFL national co-ordinator, is soon to stand down from his position.

For the last election, unions in TUFL agreed to raise £4.9m for Labour, but a confidential report discloses that "the result was very different from the intention." The unions raised only £3.7m – a shortfall of £1.2m, or a quarter of the original target.

The report, prepared by Mr Keys, reveals that out of 35 TUFL union affiliates, 14 made only part of their due payment to the special election fund, and five made no payment at all.

Accordingly, TUFL was "not able to make available to the party the money agreed." It even notes that attempts were still being made to raise money from unions just before polling day.

Mr Key's paper proposes changes which the document makes clear have the unhesitating support of Mr Neil Kinnock, the party leader.

TUFL leaders insist that the proposals – which would go before the 1988 Labour conference if approved – will not increase spending for unions already meeting their commitments.

They involve increasing the annual union affiliation fee to Labour from 75p to 97p a head.

N. SEA DISCOVERY COULD BE LARGEST FOR DECADE

Oil find may yield 350m barrels

BY LUCY KELLAWAY

KERR MCGEE, the US energy group, may have made the largest discovery in the North Sea for more than a decade, with a field that could contain more than 350m barrels of oil and significant quantities of gas.

The company announced yesterday the first results from a well drilled on the block 9/18b which show an encouraging flow rate of 6,844 barrels a day. It said that it was too early to comment on the likely size of the field, but that testing on the well was continuing, and a further two wells were planned to determine the extent of the discovery.

However, other partners in the block are privately estimating that the field holds oil reserves of between 350m and 700m barrels and has reserves of about 700bn cubic feet.

This could make the field the most important find since the 1bn barrel Ninian field was discovered in 1974, and larger than the Miller field, which holds about 360m barrels of oil and 365bn cubic feet of gas and was found in 1983.

If the new discovery is as large as its partners hope, it undermines the conventional view that all the big fields in the North Sea have already been found.

The field marks the first major discovery in the Eocene sands, which at about 50m years old are about one third the age of the Jurassic rock in which most of the existing North Sea discoveries lie. The find is expected to cause a reappraisal of Eocene prospects in the North Sea, which until recently had been shunned in the belief that the oil would be too heavy to be produced.

While analysts yesterday said that all reserve estimates should be treated with caution, they added that the reservoir was of exceptionally high quality, with the high flow rates from the first well indicating that the pressure was high.

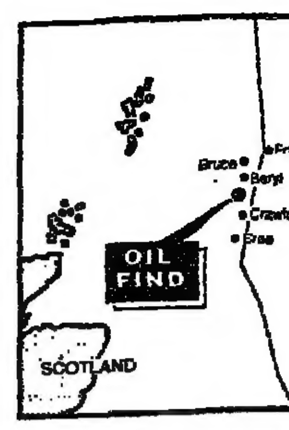
The find is the latest in a series of good announcements from the North Sea in what is turning out to be an unexpectedly good year. Despite the fall in drilling activity a number of exciting discoveries have been made, including Chevron's Alba field, as well as finds by Amerada Hess, Amoco and Arco.

The largest of these, the Alba field, is believed to contain at least 250m barrels, although the complicated nature of the reservoir could make the oil expensive to produce.

The Southern Gas Basin has also had a high number of discoveries in the past few months. In the last few days alone, Conoco, Phillips and Elf have all announced discoveries.

Meanwhile, existing fields have been yielding good news, with a series of increased reserve estimates. In May, BP announced that its Forties and Magnus fields contained an extra 400m barrels of oil, while on Monday Occidental said it had increased by some 60 per cent the reserves of its small Scapa field.

Although the oil discovered on block 9/18b is heavier than most North Sea grades the economics of the field are likely to be fairly favourable. A large cushion of gas is believed to lie directly above the oil, which could be reinjected into the oil reservoir to boost recovery, while the shallow water depth of the field – about 5,000 feet – should also keep costs down.



The other partners in the discovery are Fina Petroleum Development, Santa Fe Minerals, Aran Energy and Clyde Petroleum.

Conciliation aid sought on pit discipline code

FINANCIAL TIMES REPORTER

BRITISH COAL called in Acas, the Government-supported conciliation service yesterday to help settle a row over its new code of conduct for miners.

The issue has angered the National Union of Mineworkers (NUM) and poses the most serious threat of disruption in the industry since the year-long pit strike, which ended in 1985.

Mr Arthur Scargill, president of the NUM, described the new disciplinary procedures as "draconian" and said that "anarchy" would hit the coalfields unless they were dropped.

A statement issued by British Coal said it had sought help from Acas because of its special responsibility for giving guidance on disciplinary procedures.

Acas said it would be seeking early exploratory meetings with the board, the NUM, the Union of Democratic Mineworkers (UDM) and other interested parties.

Sir Robert Haslam, chairman of British Coal, who has already made clear there can be no question of the new code being withdrawn, said yesterday: "British Coal is, of course, responsible for discipline and the procedures adopted, and we would normally want to resolve industrial relations problems within the industry.

"However, on this particular issue Acas is the architect of its Code of Practice which we have followed and, of course, adapted to meet the coal industry's needs. It must be the right step to put it to the test by asking Acas for its assistance."

The approach to Acas follows separate meetings last week between the board, the NUM and the UDM.

The UDM is seeking no changes to the new code

As a result of the NUM's criticism, British Coal examined the disciplinary procedures of more than 20 public and private sector organisations and said that it found no significant inconsistencies with its own code.

Health staff to press claim on US lines

BY OUR LABOUR CORRESPONDENT

UNION LEADERS representing 3,000 speech therapists in the National Health Service believe their tactic of a mass claim for equal pay for work of equal value will produce quick results in salary negotiations tomorrow.

ASTMS, the white-collar union, yesterday lodged more than 1,200 equal-value petitions on behalf of speech therapist members in what it described as an unprecedented US-style "class claim."

The union thinks, however, that the cases may not need to run their course. It is optimistic that the pressure on the Government and the employing health authorities will result in progress towards equal pay in tomorrow's talks.

Three earlier equal-value claims by ASTMS speech therapists were rejected by an industrial tribunal on grounds that NHS regulations prohibit payment of any pay rate other than those negotiated and authorised by the Secretary of State.

The union is awaiting a High Court ruling on this. Meanwhile, the claims lodged yesterday are intended to ensure backdating of any settlements in the event of equal pay ultimately being won by the 99-per-cent female profession.

The 1,200 claims all cite male comparators, either pharmacists or psychologists: one claimant from Birmingham, for example, is contending that her duties are comparable to those of a principal clinical psychologist earning more than double her £9,400 salary.

● The Equal Opportunities Commission is publicising four recent cases of employers being found to have wrongfully dismissed women workers who had become pregnant.

The commission says the four cases, in three of which it backed the women, show that employers must think twice before dismissing pregnant workers. In one case, an industrial tribunal awarded compensation of £1 400.

● BUSINESS LAW

The land of the rising lawyer

By Hiroshi Oda

A CONFERENCE on Japanese commercial and financial law, to open at University College London (UCL) on September 7 puts in question the accepted wisdom that the Japanese are conspicuously non-litigious, that they settle disputes amicably and that to go to law in Japan is a sure way of losing friends, making enemies and saying goodbye to business.

This is, in fact, a diminishing truth and much too sweeping a generalisation if applied to large Japanese companies engaged in international business. Indeed, these companies are now so interested in making their foreign partners understand the rudiments of Japanese law, that more than 50 give financial support to the teaching of Japanese law at the UCL.

As the number of foreign banks and security houses operating in Japan approaches 100, and transnational contracts governed by Japanese law become more numerous, Japanese banks have an immediate interest in making their London partners understand. For this reason the Industrial Bank of Japan and the Bank of Tokyo are in the forefront of the UCL conference, together with leading Japanese exporters, and the London law firm Baker and McKenzie who helped with the organisation.

This conference should make it clear that Japanese law is not altogether alien and incomprehensible to the Western legal mind. Contrary to expectation, the modern Japanese legal system is neither based on the Chinese legal system nor inspired by Confucius. It is a hybrid derived mainly from the French, German and US legal systems. Japanese securities and insurance law shows a marked English influence. It is, of course, true that the penetration of law into everyday private and business relations is much smaller in Japan than in the US and even Europe. The Japanese seldom rely on law to determine their rights and duties, and prefer to settle disputes on a friendly basis. Even contracts between companies are kept very short and simple, and invariably provide for an amicable settlement of any disputes. However, "amicable settlement," while excluding litigation, may well invoke questions of law and involve the assistance of the courts.

For instance, Japan's sophisticated system of conciliation is a judicial process. A professional judge acts as conciliator and conducts proceedings, usually with the help of two concilintion commissioners—laymen appointed by the Supreme Court. The conciliation procedure is especially popular at the Courts of Summary Jurisdiction of which there are some 500. These courts, with jurisdiction over cases where less than Y900,000 (£3,700) is at issue, conduct some 160,000 conciliations each year in addition to listing some 230,000 cases for trial. These figures do not include the great number of cases where the parties reach a compromise after bringing the action to court. The agreement reached by conciliation or by compromise has the same effect and binding force as a judgment which is recorded in court.

New institutions for extra-judicial dispute settlement have recently developed to deal with traffic accidents and pollution control. More than 95 per cent of civil disputes arising from traffic accidents are now being settled out of court by a conciliation centre established by the Association of Insurance Companies.

One must ask whether this reliance on informal procedures is due to some inherent "non-litigiousness" of the Japanese, or to external factors. It is true that the Japanese regard litigation as the last resort, but this is hardly different from the attitude of, say, the British. There are other reasons which inhibit them from recourse to litigation.

The main reason is probably the slowness of litigation. It can take some 13 months until a district court renders judgment. This is quick by European standards, but once there is an appeal and the case goes to the Supreme Court the end moves out of sight: more than five years on average.

This shockingly slow progress in superior courts is due to a peculiar system of listing cases. The court will allocate two or three hours to each case for one hearing. When this is not enough, another hearing will be fixed for a term at least one month—but sometimes several months—ahead, so that a hearing time of 30 hours may be spread over two years.

There is a shortage of judges. Each year 500 out of 35,000 law students pass an examination qualifying them for appointment as judges, prosecutors or attorneys. Only one tenth, some 50, become judges. The total number of judges is now around 2,200.

There are only about 12,000 attorneys in Japan to serve a population of 110,000,000 compared with some 45,000 in the UK with a population of some 56,000,000. Moreover, the Japanese attorneys are concentrated in large cities. Tokyo and Osaka. This explains why the average Japanese has limited access to legal advice and assistance. Indeed, a well established attorney will not accept a new client unless he is introduced by an existing client, a friend, a relative, or a person of importance. The less well established attorneys are, of course, open to new clients but, as they are not allowed to advertise, they usually remain unknown.

Another limiting factor is the the high legal fees. The costs of litigation are difficult to foresee and in most cases cannot be recovered if one wins. Legal aid is not developed enough to compensate for this though in awarding damages judges often have regard to the legal costs of the successful claimant.

All this—the long delays of litigation, the shortage of judges and attorneys, as well as the high and as a rule non-recoverable costs of litigation—make it obvious that it is not so much an ingrained "non-litigiousness" as a rational cost-benefit judgment which keeps the ordinary Japanese away from the courts.

In addition, the conventional view of the behaviour pattern of Japanese companies may be too much of a generalisation, and ignore recent developments. A foreign company dealing with a Japanese partner on the assumption that all disputes will be settled by conciliation or compromise, may experience some surprises. The behaviour of companies involved in trade with Europe or the US may well differ from that of small or middle-sized companies — representing over 98 per cent of the total—geared mainly to domestic trade. Companies which trade internationally adopt a much more legalistic approach. The contracts they use are often standardised and contain elaborate provisions, not all that different from those used by European and US companies.

In a survey of over 400 listed companies undertaken by a group of in-house counsels last year, one-third of the companies reported that disputes are increasing, and three-quarters of them expected this trend to continue. The survey had shown that while amicable settlement of disputes is preferred, settlement after initiating litigation is considered second best, not unlike the English practice. Litigation was found to be the third option, ahead of conceding the claim or asking for a conciliation procedure. Large companies seem to prefer litigation, or a settlement in the course of litigation but before judgment, more than smaller companies. These large companies reported an average of 11.2 litigations pending, of which 3.7 were trans-national.

The legalistic approach of large companies is manifested by the significant role they give to legal experts. Major companies have legal departments, mostly established in order to cope with international business. These departments are seldom staffed by qualified attorneys, but their personnel show a high standard of legal expertise in reviewing contracts, providing legal advice to other departments, and, above all, in handling procedures for settling disputes.

Summing up, one can say that Japanese companies doing international business should not be expected to share the non-legalistic approach of the average Japanese. It is more realistic to expect them to be fully provided with legal expertise. Therefore, some understanding of Japanese business law and legal procedure may be useful, both in negotiating contracts and in assuring their smooth performance. It will be indispensible when it comes to resolution of disputes.

The author is a visiting professor at the Faculty of Laws, University College London.

Michael Donne charts the progress of work at London City Airport

Docklands stands by for take-off

TOWARDS THE END of October, ultra-quiet Dash Seven turboprop aircraft will start sweeping over the Thames in the colours of Bryman Airways and Eurocity Express, operators of the first regular services at the London City Airport.

The £30m private venture by John Mowlem, a construction company, is nearing completion on the disused wharf between the Royal Albert and King George V docks about six miles east of the City.

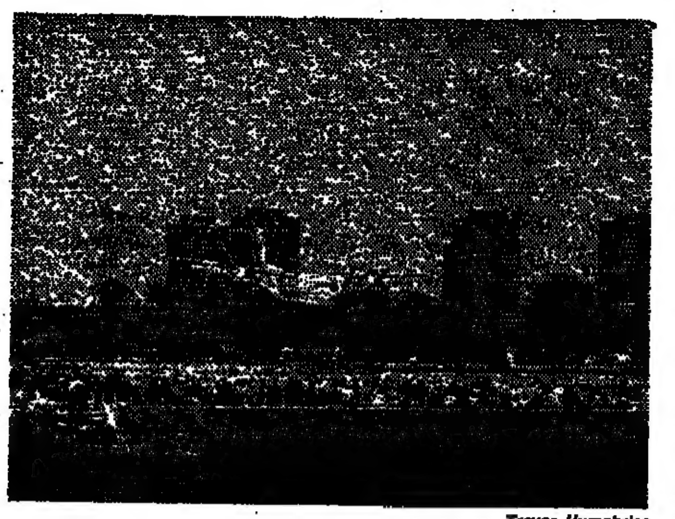
The airport is popularly called the Stolport—the first four letters stand for short take-off and landing—because the runway is only 2,500 ft long, which demands aircraft with exceptional short take-off and landing performance.

It is only one part of the multi-billion-pound development programme underway throughout Docklands, but it might have far greater significance than even its own planners dreamed, revolutionising air services between the UK and the near Continent.

It is being built with an ultimate capacity of at least 1.2m passengers a year, well below the level of other London airports but enough for the City business travellers it is initially expected to attract.

The runway, built on the central wharf between the two docks, stretches east to west on the north side of the river opposite Greenwich and Woolwich.

Test flights have already taken place using the Dash Seven four-engined, 50-seater airliners built by de Havilland Aircraft of Canada that will operate the scheduled flights.



Trevor Humphries

Eurocity Express comes in to land at Docklands

Specialist aircraft from the Civil Aviation Authority have also tested to ensure that the runway meets safety requirements.

The apron where the aircraft will load and unload is complete, as ist he spacious terminal building, with the control tower in one corner. One outstanding job is to eract plenty of road signs showing the way to the airport: it is difficult to find.

Already the two airlines, Brymon, in which British Airways has a 40 per cent stake, and Eurocity Express, set up by the British Midland group specially to use the Stolport, have moved in and are planning for the start of their services.

Both have been licenced to fly in competition between the Stolport and Amsterdam, Brussels and Paris, with Brymon also licenced for Plymouth and Newquay, and Eurocity for additional routes to Dusseldorf, Rotterdam, Guernsey, Jersey and Manchester.

It is unlikely that all those services will start at the same time in October: neither airline will have enough aircraft and crews for that, because a strike at de Havilland Canada has delayed Dash Seven deliveries. Paris seems likely to be the first destination served.

Eurocity Express has two Dash Sevens and will eventually have five, while Brymon has two with a third to come. Both airlines will soon announce timetables and start ticket sales campaigns, and Brymon has already started visiting business houses to outline its plans.

There is clearly room for more operators at the Stolport, and some Continental-based airlines may fly there. One, Air Vendee of France, is studying the position, while Eurocity already has an agreement to fly services on behalf of Sabena of Belgium.

For the present, Dash Sevens are the preferred aircraft: they are quiet, have exceptional short take-off and landing performances, and can use the Stolport without disturbing local communities.

Any other aircraft allowed there will have to demonstrate comparable capabilities.

One that fits the bill is the British Aerospace 146 four-engined jet airliner, which has the appropriate Stol performance and is claimed to be the quietest jet airliner flying. Another is the West German Dornier 228, which Manx Airlines is studying for possible use on domestic routes.

A problem that might affect future types of aircraft using the airport is the long-term plan for a suspension bridge with tall towers for the new East London River Crossing, just downstream from the end of the runway—a potential hazard for aircraft with inadequate Stol performance, although the plans provide for a runway extension to allow clearance.

Eurocity has made alternative proposals for a bridge without towers, or a tunnel, which it says could be built for the same money. Those ideas are now being examined as part of the overall public planning inquiry into the crossing.

Air noise group urges revival of Maplin plan

BY OUR AEROSPACE CORRESPONDENT

THE MAPLIN project for an airport on reclaimed land off the Essex coast, cancelled by the Government in 1974, should be revived, according to the Noise Abatement Society.

Mr John Connell, chairman, is concerned that pressure from the airline industry might result in an erosion of night noise restrictions at London's airports as a means of easing air traffic congestion during daylight hours.

Such pressure arises from the increase in the number of air travellers and from concern at the difficulties facing air traffic controllers in south-east England.

Many airlines feel that daytime congestion could be eased by allowing more night flights by modern, quieter jet airliners.

Mr Conell says in a circular to members that the society supported the concept of an offshore airport more than 20 years ago. He says: "It would have been large enough to handle the whole of London's air traffic, remote enough to allow flying 24 hours a day without causing noise nuisance, with a deep-water dock, a 12-lane motorway and a 20-minute rail link with central London, all built with privately raised finance."

Mr Connell says the idea "was before its time." He adds: Things are different now. The need is that much more urgent —with all the near-misses, reported and unreported, Heathrow will soon become too dangerous to use.

"The political climate is set fair for this imaginative project. The money, the expertise and the will to succeed are there, and the first runway to ease the pressure could be ready for use within two years of the Prime Minister's blessing. We and vast numbers of flight path noise victims await it with eagerness and expectation."

CONSTRUCTION CONTRACTS

Improvements cost over £9m on the M1

The Midlands-based **GALLIFORD GROUP** has added more than £25m to its order book in the past few weeks. The two largest contracts are to be undertaken by Galliford and Sons for the Department of Transport for improvements on the M1 Motorway—one between junctions 14 and 15 under the management of Buckinghamshire County Council at £6m including lane rental charges; and the other between junctions 23 and 24 where Leicestershire County Council are acting as agents for the DT, valued at £3.373m.

Work for Warrington and Runcorn Development Council for trunk sewers at Whittle Hall is worth £1.4m and the A54 Station Road bypass at Winsford (£1.8m) is for Cheshire County Council. The building companies in the Group have won work totalling £4.8m, largely in the private sector.

Birchin Lane office block

City Merchant Developers has awarded **COSTAIN CONSTRUCTION** an £8.9m contract to construct its new office building, providing 65,000 sq ft of air conditioned accommodation, at 19-25 Birchin Lane, London EC3. The development has been funded by the Church Commissioners for England and is being carried out with London and Edinburgh Trust and Renslade Investments.

The project entails demolition and complex temporary works within the Bank conservation area and the retention of part of the Birchin Lane facade. The completed building, arranged on basement, lower ground, ground and six upper floors, will house office accommodation behind classical elevations of brick and and Portland stone, and copper mansard roofs.

The contract, which will be supervised by CMD Development Co-ordination, will be carried out by the City unit of Costain Construction on a 108-week programme.

*

Air-conditioned offices, totalling 20,500 sq ft net, are to be constructed at Three Bridges, near Crawley, West Sussex, under a £4m project by developer and contractor **DIX BELGRAVIA**. Work on the building at Hazelwick Avenue is due for completion in August 1988. Situated close to Three Bridges railway station, the M23 motorway and the Gatwick Airport link road, the completed building will be available either for sale or for letting. The building will include a car park with space for 100 vehicles.

Leisure centre at Ealing

THE TRY GROUP has added £9m worth of contracts to its order book for 1987.

Top of the list is a £3m design and build contract for the London Borough of Ealing. Starting this month Try will construct the Bromyard Leisure Centre consisting of main sports hall, activities hall and health suite restaurant and parking. Completion is scheduled for just over a year.

Burhill Estates has awarded a £2m contract to build a mixed development at Warwick Street in London's West End. Demolition has begun to make way for the 5-storey building.

Try Construction also has a £1.45m contract for an office development in High Wycombe. The project for High Cross Developments is next to a Payless DIY store and Comet Warehouse, both of which have recently been completed by Try. The 22,000 sq ft of offices will be ready for occupation in June 1988.

BACS, the central cheque clearing group for the main banks, has negotiated a further £300,000 contract with Try for an extension to its Edgware computer centre.

Try Build, the group's refurbishment and smaller contracts arm, has work amounting to nearly £3m. One of the most interesting jobs is at Brakspears Brewery in Henley where the company has a £1.3m order to convert an old malt house into luxury offices. Disused stables at the back of the site will be converted into residential accommodation. Other work includes a £1.2m, three-year term contract at Heathrow Airport and a refurbishment project at RNAY Fleetlands, Gosport, worth £93,000 for the Property Services Agency.

Roadworks for Alfred McAlpine

ALFRED MCALPINE CONSTRUCTION has been awarded contracts worth a total of £7m for building and civil engineering work. A £2.6m contract by the Department of Transport is for works on the A1 trunk road from north of Brotherton to the A63 Selby Fork junction. The work entails reconstruction of about 2.4 km of dual two-lane roadway, including reconstruction of the hard shoulder, erection of safety fencing and replacement of reinforced concrete piers to bridges at Dishill and Brotherton, and ancillary works. The contract is on a site rental basis for a period of 77 days. The traffic management arrangements include a phased contraflow system and the phasing allows for restoring traffic to normal flow over the August bank holiday.

Another contract involves construction of 400 metres of single carriageway road, including a bridge over the River Mersey. Situated downstream from Warrington, the five-span bridge will be 173 metres long, 11 metres high at high water and will be constructed of twin steel box girders. The £1.5m contract, awarded by Cheshire County Council will be complete by autumn 1988.

In the south-east, the company has secured a contract for more than £1m from RMC Homecare, for a retail warehouse for Great Mills DIY at Fulwell, Teddington, Middlesex. The construction of the warehouse, which contains ground and first floor office accomodation, will be completed in February 1988, after a contract period of 27 weeks.

A £1m project from Age Concern Southwark is for the construction of a two-storey 'U' shaped block of elderly persons' accommodation, in D'Eynesford Road, London SE5. The project will provide a home for 30 elderly people—now in Cane Hill Hospital, Surrey—suffering from severe cases of senile dementia. The home will be owned and run by Age Concern and is being financed by a grant from the DHSS. Work should be completed by November 1988.

Other contracts include a term contract for general construction worth £600,000 for Shell UK at Stanlow refinery in Cheshire. At Nantwich, Cheshire, alterations and extensions for Pacecolt are being carried out to provide a two-storey shop unit. This project is valued at £156,000 and will take 24 weeks to complete.

Shepherd Construction has completed a £650,000-plus refurbishment contract on the 18th-century building in York which formerly housed England's earliest school for girls, The Bar Convent, founded in 1686. The building, Grade 1 Listed, is in Blossom Street, just outside the Micklegate Bar gateway. The contract with an educational charity, involved upgrading the building, to form a [illegible] and The Bar Convent Museum. The photograph shows the refurbished entrance hall to the museum

UK NEWS

Company accountants happy in their work

By Michael Skapinker

Accountants in commerce and industry are generally happy in their work, according to a report published today from Reward Regional Surveys. When accountants were asked to rate the satisfaction they derived from their jobs, three quarters replied "excellent" or "good."

Another 21 per cent said their jobs gave them a "fair" amount of satisfaction. Only 4 per cent said job satisfaction was "poor" and none said it was "bad."

The happiest company accountants of all, the survey found, were those who had *reached director level.* Eighty-five per cent of them described their level of job satisfaction as good or excellent.

Some might find the level of contentment in the profession as a whole surprising since many of the accountants do not believe they are going to be promoted from their present positions.

Only 28 per cent of the sample rated their promotion prospects as "very good" or "good." Forty per cent said *they had "some" prospect of* promotion, while as many as 32 per cent said they had no chance of being offered a more senior job.

Although the survey found that accountants' total remuneration for the year to April 1987 had increased by an unspectacular 7.1 per cent, *few thought they were underpaid.*

Financial and Accounting Rewards 1987, Reward Regional Surveys, Reward House, 1 Mill Street, Stone, Staffordshire ST15 8BA. £80

Record decline in long-term unemployed total

BY RALPH ATKINS

THE NUMBER of people who have been out of work for *more than a year fell* by 57,000 between April and July, according to figures published yesterday.

The Employment Department said there were 1,238,000 long-term unemployed by the end of last month—a fall of 110,000 compared with July 1986. That is the largest annual drop since *records on long-term unemployment* were first compiled in 1982.

Mr Norman Fowler, the Employment Secretary, said: "The figures show that long-term unemployment is now at its lowest level for three years."

The figures, which are not seasonally adjusted, follow the publication last week of statistics for total unemployment. They showed a seasonally adjusted fall of 47,600 in the number out of work to 2,878,000, the 13th consecutive monthly *decline.*

Mr Fowler said: "Half the fall in the long-term unemploy*ment figures has been among* the under 25s. This group is now 17 per cent smaller than a year ago."

All regions except Northern Ireland saw a fall in the number of long-term unemployed. The largest drop was in Wales, where the number of long-term unemployed was 15.34 per cent lower than at the same time in 1986.

The north of England saw a *11.13 per cent fall* and the West Midlands a 10.93 per cent drop. In Northern Ireland, there were 4.65 *per cent* more long-term *unemployed than a year before.*

The fall in long-term unemployed reflects strong economic growth in the last year, but the figures have also been affected by government schemes such as Restart—which are designed to encourage the long-term unemployed to find jobs. That might have led to some people with*drawing from the register but* not taking up full-time jobs.

Long-term unemployment is likely to continue to drop in the next few months as output rises, but a weak export performance and declining *domestic demand will probably* mean a deceleration in the rate of decline by the end of the year.

Norman Fowler: lowest level for three years

NATIONAL INSTITUTE ECONOMIC REVIEW

Risk of overheating 'exaggerated'

BY JANET BUSH

RECENT FEARS that the British economy might be in danger of overheating are exaggerated and the parallels drawn with the boom of the early 1970s misleading, according to the National Institute of Economic and Social Research.

In its latest economic review, the institute said it would not characterise the present period of relatively fast economic growth as a boom since, although demand is strong, that buoyancy rests mainly on sharp growth in real earnings rather than the expansion of credit.

The growth of earnings, in turn, owes much to a sustained improvement in productivity growth and better terms of trade rather than to an excess demand for labour forcing companies to concede large pay increases.

The institute said the surprising feature of the present upturn was the weakness of both fixed investment demand and stock building, although it expected a modest recovery in investment this year or next. That should help to sustain a *growth rate that would other*wise be quite sharply cut back.

The institute forecasts output growth this year of 3 per cent to 3½ per cent, slowing to 2 per cent to 2½ per cent in 1988. The forecasts are slightly above those in the institute's economic review in May.

Those are much more *moderate rates of growth* than the 4½ per cent seen in both 1972 and 1973. Inflation was also substantially different in the two periods, with rates of 7½ per cent and 9 per cent n 1972 and 1973 compared with the institute's *forecast of inflation of* just below 4 per cent this year and marginally below 5 per cent forecast for next year.

	HOME ECONOMY							WORLD ECONOMY		
	Real GDP % change Total	Real GDP % change Non-oil	Manufacturing output (% change)	Unemployment 4th qtr millions	Retail price index 4th qtr % change)	Current balance £bn	PSBR £bn	Real GNP (% change)	Consumer prices (% change)	World trade
1986	2.0	2.9	0.8	3.1	3.4	−0.1	3.3	2.5	2.1	4.7
1987	3.3	3.6	4.0	2.8	3.8	−1.1	3.7	2.3	3.2	3.3
1988	2.2	2.7	1.5	2.7	4.9	−3.4	1.3	2.5	3.4	3.8

Another important difference is the level of unemployment. Whereas officially measured un*employment stood at about 1m* in the early 1970s the jobless total peaked in 1986 at more than 3m and is not expected to fall as low as 2½m even next year.

> 'Unemployment rate has peaked but is unlikely to decline below 2½m next year

The institute said the fall in unemployment this year cannot be taken entirely at facevalue as mystery still surrounds the *effect on the count of the Gov*ernment's Restart programme for the long-term unemployed and new eligibility tests.

However, t says there is no doubt that the underlying fall has been very significant and reflects the economic recovery now spreading to most industries and most regions.

The institute said the fall n unemployment was likely to continue through next year but lose pace as the economy itself slowed down.

It said recent strong increases in real disposable in*comes—4½ per cent last year* and probably 5 per cent in 1987 —will not continue. "These are rapid increases by historical standards and well above any sustainable rate of growth," it said. In 1988, the growth of real incomes will almost certainly slow down as inflation picks up but consumer spending *which follows income growth* with a lag, should continue for another year at about the current annual rate of 3 per cent to 3½ per cent.

A principal reason for the institute's forecast of a decelera*tion of output growth next year* is slower growth in the export of manufactured goods, which have lost relative price com*petitiveness this year.*

The institute said it was difficult to discern the underlying *trend in the balance of pay*ments. The review is based on balance-of-payments figures up to and including May's substantial current-account deficit.

Its forecasts for the current account are little changed from the May review, *which saw a* £1bn deficit this year followed by a £3½bn shortfall in 1988.

The most surprising aspect of the balance of payments so far this year was the subdued level of import volumes during the first quarter, when imports fell by 7½ per cent for no obvious reason. From now on, *however, there are good reasons* to expect imports of manufactured goods to rise rapidly, partly because of the loss of price competitiveness and partly because of the forecast rise in investment spending, which has a high import content.

The institute's view of the *world economy* is not as pessimistic as some which have suggested the world is heading for a recession. The slowdown in activity at the beginning of this year, primarily in Europe, was associated with the effects of currency appreciation and a reduced demand for manufactures by the Organisation of Petroleum Exporting Countries.

However, the institute said, for the world economy as a whole, neither the depreciation in the dollar nor the effects of lower oil prices should be deflationary in the long run. "*These two events should there*fore lead to a redistribution of activity within the world economy, in which lower growth *in some* countries and sectors should be at least matched by higher growth elsewhere," it said.

Overall, gross national product growth in the seven leading industrialised countries is forecast to average 2½ per cent *this year and 2½ per cent next year.*

> 'Neither depreciation in the dollar nor effects of lower oil prices should be deflationary'

That modest growth rate suggests that the risks of a substantial acceleration in inflation are fairly small. The institute forecasts Group of Seven inflation to remain in a 3 *per cent to* 3½ per cent range over the next five years.

The institute expects a decline in the US current-account deficit next year even if the dollar remains at its present level. However, in the medium term, substantial deficits of around half the current level would persist and *therefore it* expects a further 10 per cent depreciation in the dollar's overall value over the next two years.

The National Institute Economic Review, 2 Dean Trench Street, Smith Square, London, SW1P 3HE, annual subscription £45 (home) and £60 (abroad) single issues for 1986, £12.50 (home) and £18 (abroad).

Smaller companies 'play minor role in jobs'

By Ralph Atkins

SMALL BUSINESSES may grow faster than large ones but they have *only a minor* role in providing jobs, according to the review.

The conlusion *is based on* a study of about 650,000 companies of all sizes between *1982 and 1984.* Companies that survived the two years increased their workforce by on average one employee, taking the total employed to about 24.

Businesses employing fewer than 20 people increased their workforce by an average of 1.18 employees, while large companies, employing more than 1,000, expanded by 16.59.

The study *points out*, however, that those measures may underestimate the con*tribution of* small companies to employment growth, because no account is taken of mobility of companies between size categories.

Instead, it calculates the percentage change in employment growth between 1982 and 1984 of companies classified according to size in the second year.

The results show that small companies may have grown *proportionately more* quickly than larger ones but the figures are subject to a large margin of error.

That might mean that small and large businesses may be growing at the same proportionate rate in terms of employment. "That is all one can say from examining *the data,*" the institute says.

"In fact, the emphasis on the role of small businesses in increasing employment is difficult to understand, for although there are more of them their contribution to total employment is small, according to official data for manufacturing and distribution."

Small businesses, however, are set up at a much higher rate than larger companies and that gives them some importance in creating jobs. Between 1982 and 1984 about 68,000 companies employing fewer than 20 people were set up, but the rate declines almost to zero in companies employing more than 1,000.

That means the 390,000 jobs created in small businesses in the two years was more than five times the number created by companies set up in the largest size class.

The failure rate among small companies was lower *than the establishment rate,* and since some 340,000 jobs were lost through the closure of small companies there was a net generation of 50,000 jobs in this size category.

In an examination of all size categories of companies, the study find that the failure rate among large companies is *about the same as for small* businesses — and may be higher.

"Academic economists, and practitioners such as bank managers and investors, are unlikely to accept this result," the study says.

Plant closures blamed on poor profitability

BY RALPH ATKINS

FACTORY CLOSURES may have had little impact on the growth of manuafcturing productivity in the past 10 years, *according to an article* in the review.

The study argues that evi*dence shows that, in the large* shake-up of manufacturing industry since 1979, plants have been selected for closure on grounds of profitability rather than productivity.

The hypothesis conflicts with the more conventional argument that, since Mrs Margaret Thatcher first came to power, productivity growth *has* accelerated as the least efficient manufacturing plants have been closed down.

Manufacturing output per person employed rose at an annual rate of 0.7 per cent between 1973 and 1979 but then jumped to an annual rate of 4.1 per cent from 1979 and 1985. *The second period,* however, was accompanied by large changes in the relative number of plants in different size categories.

In 1979, plants employing more than 1,000 workers accounted for 41 per cent of manufacturing jobs and 44 per cent of output. By 1982, however, those proportions had fallen to 35 per cent and 39 per cent respectively.

That reduction led to the loss of nearly 1m jobs out of a total loss of 1.5m in the manufacturing sector in the period.

LEVEL AND GROWTH OF PRODUCTIVITY IN MANUFACTURING BY ESTABLISHMENT SIZE

	Productivity level (size 1-99=100)			
No of employees	1973	1979	1982	1984
1-99	100.0	100.0	100.0	100.0
100-199	106.9	106.1	105.1	107.7
200-499	114.9	114.3	111.9	118.3
500-999	121.7	117.9	116.8	126.2
1,000-1,499	118.4	117.1	118.1	131.4
1,500+	127.4	122.9	127.8	135.4

	Prod. growth (annual av, %)		
No of employees	1973-79	1979-82	1979-84
1-99	1.3	2.8	3.0
100-199	1.2	2.4	3.3
200-499	1.3	2.1	3.7
500-999	0.8	2.4	4.3
1,000-1,499	1.2	3.0	5.2
1,500+	0.7	4.1	4.9

Losses in smaller plants were less severe. Medium-size companies, employing between 100 and 999 people, accounted for 35 per cent of total job losses. *In small companies, employ*ment fell by only 4 per cent.

The article estimates the level, and rate of growth, of productivity in plants of different sizes and finds a clear relationship between the size of factories and the productivity level. Larger plants were more efficient.

Rates of productivity growth, however, were slower in large plants during 1973-79. Yet between 1979 and 1984 the *same* sized plants, although accounting for a declining share of total manufacturing jobs, were showing faster productivity growth than smaller factories.

According to the article, that means "that employment *has* shifted away from the size of plant which had (on average at any rate) not only the highest level of productivity in 1979 but also the highest rate of productivity growth in the subsequent years."

It calculates that if in 1984 the distribution of employment across plant capacity had been the same as in 1979, overall *manufacturing productivity* would have been 2.5 per cent higher.

That is equivalent to about three years' growth at the average rate from 1973 to 1979, but it assumes that plants that closed had on average the same productivity as those that survived.

The *conclusion that it was* the more productive plants that were closed appears paradoxical but the institute says it can be explained by the fact that productivity is not the same as profitability.

It points out evidence that UK industry has difficulty in operating large plants: they are more *strike-prone and less* efficient at exploiting the available scope for economies of scale than smaller plants.

The study also calculates that large plants were on average less profitable than smaller factories—at least until 1979.

However, it says, that trend might have been reversed subsequently as the wave of closures shocked sluggish *management and trade unions*

"The fact that productivity growth in large plants was *faster than in small ones in* 1979, whereas previously it had been slower, together with the evidence that the profitability of large plants has improved, is certainly consistent with this view, though it can hardly be said to establish it."

PSBR ratio proposal 'cautious'

BY JANET BUSH

THE GOVERNMENT'S plan to keep the present ratio of public *borrowing to gross* domestic product looks cautious or even over-cautious on a first analysis, *according to the National Institute.*

The Chancellor's aim of keep*ing the public sector borrowing* requirement as low as 1 per cent of GDP implies a fall in the ratio of national debt to GDP, given the rate of inflation forecast for the next few years.

However, the institute argues the PSBR-to-debt ratio is an incomplete measure of the effect of borrowing on the public sector's balance sheet. A fuller assessment would need to take account of plans for privatisation and other financial transactions outside the PSBR; of inflation; of expected asset and liability revaluations; of planned net investment in fixed assets; and of expected capital consumption.

Rough calculations suggest that a PSBR-to-debt ratio of 1 per cent is sufficient at *present to maintain the real* value of public-sector net worth, but too high to allow the net worth to rise in line with GDP.

Figures to 1985, recently *published by the* Central Statistical Office, show that the net worth of the public sector *has declined markedly since* 1980. That may, on the surface, seem surprising, as there is a widespread belief that fiscal policy was exceptionally restrictive during the period.

THE PUBLIC SECTOR CONSOLIDATED BALANCE SHEET
£ billion, end of year

	1975	1980	1985
Residential buildings	16.1	33.1	59.8
Agricultural land etc.	1.1	3.2	4.0
Other buildings	29.3	69.3	80.5
Civil engineering works	42.0	99.4	127.7
Plant and machinery	32.1	61.0	63.0
Vehicles	2.9	4.7	5.5
Stocks	2.4	5.0	7.2
All tangible assets	125.9	275.7	347.6
Financial assets	22.1	49.5	85.1
Financial liabilities	(68.0)	(131.0)	(210.6)
Net worth	80.1	194.2	222.0
GDP deflator	51.8	100.0	138.5
Net worth at 1980 prices	154.6	194.2	160.3

Source: Economic Trends, May 1987

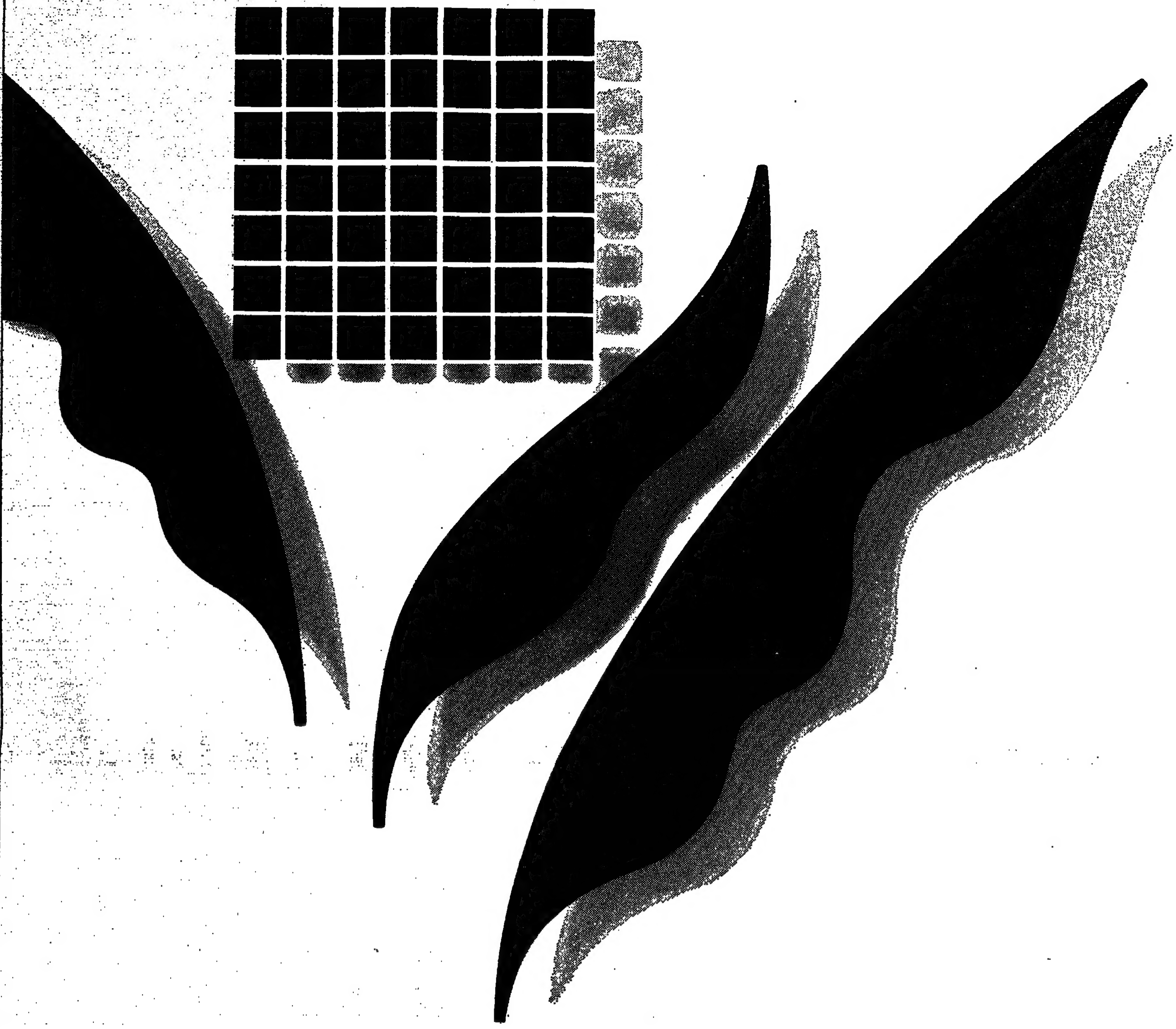
That apparent contradiction is reinforced by the fact that public-sector net worth actually increased in the period from *1975 to 1980,* when there was much anxiety about the size of government borrowing.

One explanation is that the comparatively low rate of inflation from 1980 to 1985 reduced the speed at which the real value of the outstanding stock of fixed-interest debt depreciated.

A fall in interest rates between 1980 and 1985 in*creased* public-sector *debt but* not the estimated value of public-sector assets. That is because, *when market rates fall,* share values tend to rise, as do the prices of fixed-interest stocks such as gilt-edged securities. The valuation of fixed assets at replacement cost allows no corresponding adjustment *to estimated* balance sheet positions.

Another explanation of the decline in the public sector's worth during the 1980s is the low level of public-sector fixed investment. The increase in asset sales is also significant.

Overall, the institute predicts that the net worth of the public *sector will continue to decline,* assuming current plans on borrowing are followed, but not as *fast as in the 1980-to-1985* period. It forecasts a fall of 6 per cent from 1985 to 1989-90, compared with the fall of 17.5 per cent between 1980 and 1985.



Ideas bring growth to finance.

The birth of Ferruzzi Agricola Finanziaria.

In October 1985 Gruppo Ferruzzi set out its plans to create one of the biggest agro-industrial groups in the world, to extend its activities into new sectors and to expand into new continents.
In less than two years Gruppo Ferruzzi has become the largest agro-industrial group in Europe and the third largest in the world.
Furthermore it is the second private-sector industrial conglomerate in Italy with an aggregate turnover of over 18 billion dollars.
The Group's idea to use agricultural products for industrial and energy uses, and its related programme for environmental protection is a focal point of international debate. The driving force behind this extraordinary expansion has been Agricola Finanziaria, the Group's holding company.
Its success on the financial market has allowed it to make large-scale investments such as the acquisition of CPC Europe, leader in the starch sector, the acquisition of a controlling interest in Montedison and Béghin-Say, and the restructuring of the sugar sector which makes the Group Europe's leading sugar producer.
The market capitalization of the Agricola Finanziaria group amounts to about 20 billion dollars.

And now it is time for it to grow even more.
Agricola Finanziaria is increasingly identified with Gruppo Ferruzzi and so Ferruzzi Agricola Finanziaria has been born.
All the activities of the Group will converge in the new holding company so that in due course Ferruzzi Agricola Finanziaria and Gruppo Ferruzzi will form a single entity.
Its theatre of operations is increasingly worldwide.
Ferruzzi Agricola Finanziaria will span five continents.
Its widely diversified activities follow a single vertical structure from agriculture to services, from trading to agro-industry, from chemicals to the advanced services sector and finally to numerous industrial and financial shareholdings.
Ferruzzi Agricola Finanziaria will be quoted on all the main European Stock Exchanges including London and Paris. This will lead to a broad national and international shareholder base in line with the Group's importance.
The cycle is in constant movement: two years ago ideas brought growth to finance. Today

Finance is bringing growth to ideas.

Ferruzzi
Agricola Finanziaria

Long-term trend indicators show sustained growth

BY RALPH ATKINS

CYCLICAL indicators, which are designed to show long-term trends in the economy, appear to indicate sustained growth, the Central Statistical Office said yesterday.

The indicators consist of groups of economic or financial statistics, and are intended to provide early pointers to upturns and downswings in the economy.

Four indices are published monthly by the office. Each is meant to show trend rates at different times and give a historical perspective. They often give conflicting stories, but in July all were pointing upwards.

The office said they also showed a cyclical peak in economic activity in early 1985, following the 1981 trough, and a mild trough early last year. The figures are subject to revision, and the office said any interpretation could only be provisional.

The longer leading index, indicating turning points in activity about one year in advance, has shown a sustained increase since December. Share prices continue to be the predominant influence although the method of calculating the index has been changed to lessen the impact of this factor.

The shorter leading index looks six months ahead. This has risen significantly since the end of 1986, but again it is dominated by a single influence —consumer credit. Current turning points are shown in the coincident index. This has shown a modest increase since January.

The lagging index, showing turning points a year ago, declined in the middle of 1986, but has now returned to its level at the beginning of 1986.

July's figures include a coincident index series adjusted for the effects of the 1984-85 coal strike. This shows economic activity reached a fairly distinct high between mid-1983 and mid-1985 before falling back.

Schroder to invest more heavily in UK equities

BY ERIC SHORT

SCHRODER Investment Management is adopting a policy of higher investment in UK equities in its pension fund investment strategy.

The group, which has more than £10bn of pension fund assets under management, believes the favourable domestic economic environment justifies a high level of investment in equities. Its strategy aims to put the amount of funds in UK equities at between 45 per cent and 65 per cent.

Schroder Investment Management publishes its investment strategy for UK pension funds annually. This year, Mr Donald Franklin, its chief economist, is basing the strategy on four predictions. They are:

- A cyclical upswing in world economic activity combined with low inflation will strengthen equity markets.
- Recent exchange rate changes will have a significant impact on profitability within and between countries.
- The advent of a global equity market will help to harmonise valuations between the various equity markets.
- Economic prospect justify a strong commitment to the US equity market.

Thus Schroder's strategy is to vary overseas equity holdings from between 15 per cent and 30 per cent with the emphasis on US equities.

Although equity investment will form the majority of pension-fund assets, Schroder is taking a more positive stance on UK property. It expects strong rental growth and rising capital values.

However, there is a note of caution in the outlook for pension fund investment.

Schroder sees disinflation and recession as the main risks to bullish prospects rather than inflation, despite the incipient cyclical upswing.

If a recession or disinflation appears on the horizon, Schroder considers a tactical shift into gilts would be warranted.

Receivers appointed to Security Deposits

BY ANDREW TAYLOR

TWO PARTNERS in Ernst and Whinney, the accountancy firm, have been appointed joint administrative receivers to Security Deposits, owner of the Knightsbridge safe - deposit centre where Britain's biggest robbery took place last month.

Property estimated to be worth more than £30m was stolen in the raid. Mr Parvez Latif, the centre's managing director, was charged this week in connection with the robbery.

Mr Nigel Hamilton and Mr Tery Carter, the Ernst and Whinney partners, said yesterday they had been appointed by the company's bankers, Fidelity Bank NA, to ensure that proper control and management was in place and to help to restore control and management was in place and to help to restore confidence in the business.

Mr Carter said he had reasonable grounds to believe there were potential buyers waiting to acquire family-owned Security Deposits.

He said the company would seek to continue to trade normally. Mr Carter and Mr Hamilton had spent yesterday checking on the security of the business and assessing what its assets were worth. Security Deposits also owns a safe-deposit centre in St John's Wood, London.

A total of 10 people have so far appeared in court on charges associated with the robbery. Property and cash valued at more than £5m has been recovered.

Ferranti and GEC to build bomber laser

By Michael Donne, Aerospace Correspondent

AIRBORNE equipment designed to help combat aircraft to attack their targets in poor visibiltiy is to be produced and marketed through a link between Ferranti Defence Systems, GEC Avionics and British Aerospace's electronic systems division.

The Thermal Imaging Airborne Laser Designator is attached to aircraft and generates a laser beam in attacking aircraft to lock on to a ground target by day or night in all weathers, enabling missiles to be fired even if the aircraft has to manoeuvre to dodge enemy defences.

Peat Marwick appoints Finance Act official

By Andrew Taylor

BRITAIN'S biggest accountancy firm, Peat Marwick McLintock, has become one of the first to appoint a compliance partner under the Financial Services Act.

Mr Bill Morrison, one of two deputy senior partners, will take responsibility for ensuring that investment activities comply with the act.

The firm will also be expected to satisfy rules of chartered accountancy institutes that have applied under the act to be recognised professional bodies by the Securities and Investment Board.

Cardiff submits £500m plan for housing

By Andrew Taylor

A £500M, 10-year programme to tackle Cardiff's mounting housing difficulties has been submitted to the Welsh Office by the city council.

The city says much of its large stock of houses built before 1919 are deteriorating at an alarming rate. Ten per cent of the 40,000 homes built before 1919 have serious structural faults.

In the central area of Adamsdown, about three quarters of the 2,600 homes were built before 1884. By the year 2000, more than 20,000 homes in the city will be more than 100 years old.

The council says it will need to spend £213m in grants during the next decade just to prevent further dilapidation of pre-1919 private homes. It estimates it will need to spend a further £140m in the next five years to preserve its stock of council houses.

It is seeking to spend a further £45m to build 1,500 homes for rent in the next five years. It says almost 5,000 applicants are waiting for council homes. Extra spending was also needed on improving the environment, repairing prefabricated homes and housing for the elderly and disabled.

Mr Alun Michael, chairman of the council's policy finance sub-committee, said: "The problem is big and it is time we tackled it in a big way. To do so we need greatly increased financial support from the Welsh Office."

The council is seeking permission from the office to increase its housing investment programme to £52m in 1988-89. It is likely to face a fierce battle.

In the last two financial years the office has restricted the council's housing investment programme allocation to about £15m although, by using capital receipts and other resources, the council expects to lift housing expenditure to about £30m in 1987-88.

Life groups back advice body's role

By Eric Short

FOURTEEN life companies sponsoring the Campaign for independent Financial Advice (Camifa) claim that the decision of Abbey National to link with Friends' Provident, the mutual life company, has not weakened its resolve to support the role of independent advisers.

Camifa said yesterday it was noticeable that Abbey National was the only leading building society to decide to link with a particular life company to market life assurance and unit trust contracts. Other societies have decided to remain independent.

Under the polarisation rules of the Securities and Investments Board, people and organisations selling life assurance investment products and unit trusts must either be representatives of a single life company or unit trust group or be completely independent in their advice and marketing.

Camifa was launched some months ago by several leading life companies relying on independent intermediaries for their business. Its objectives were to promote independent intermediaries to the public as people who could recommend the most appropriate product for individuals' needs, and to persuade independents to remain so.

Members have pledged not to set up direct sales forces for at least 12 months.

Building societies are a leading source of life business, particularly in endowment mortgage contracts. Until the Abbey National decision, the leading societies had taken the view that they could provide the best service to customers by remaining independent.

Feona McEwan examines the changing eating habits of the three-meals-a-day Britons

Court in the act of grazing and nibbling

BRITAIN is becoming a nation of nibblers. Those partaking in three set meals a day are changing to less formal patterns and eating more adventurously.

The Americans call it grazing, eating small amounts and often. In Britain there is a rising trend towards "picking" choosing food from a variety of ready-made snacks. The fast food explosion and more rapid pace of life have contributed.

Nowhere is this preference for "food on the hoof" more evident than in the new phenomenon in the UK of "food courts." These days no competitive shopping centre, leisure or sports complex leaves the drawing board without this magic ingredient.

Food court at Euston Station: the modern village green

A food court is "a deliberately created refreshment area comprising separate food shops, stalls and kiosks serviced by communal seating," according to Fitch and Co., which designed the UK's first true food court in 1983.

An average court contains from eight to 10 trading kiosks selling a variety of food, has seating for about 350 people and covers some 12,000 sq ft. A typical mix of kiosks might include a pizza parlour next to a hamburger or Mexican bar —Mexican is the most rapidly growing type of fast food—close to a sticky bun counter, an ice cream or cookie bar, a seafood bar and a fruit juice counter.

Morgan Grenfell Laurie, surveyors, property and financial advisers, has identified some 60 schemes being built, refurbished or planned that will incorporate fast food courts. The Design Solution, a design consultancy, reports that four food courts will open in the next three weeks alone.

The concept originated in the US, where it has been popular for 10 to 15 years. US courts are predictably larger, seating up to 600 people, and served by some 20 kiosks. The Union Station scheme in St Louis, Missouri, contains 40 kiosks. The idea has been adopted also in the Far East, Australia and Canada, although not yet in continental Europe.

Behind the concept of serving shoppers with cheap, quick eating, there is a hard-nosed motive for the growth of food courts with developers and investors. It is not only shoppers they nourish but also sales in the surrounding shops.

As developers have discovered, by first attracting and then trapping shoppers, a successful food court acts as an engine to drive sales throughout the entire shopping centre.

Mr Antony Shingler of Morgan Grenfell Laurie tells of two similar shopping centres on the east coast of America. One has a food court, the other has not. The one with the court is said to have a sales turnover of between 30 and 50 per cent higher than its rival.

"The idea is that the court acts as a parasite on the pedestrian flow. Having trapped shoppers, it refuels them and extends the 'dwell' time and so they are likely to spend more money," he says.

Faced with the proliferation of shopping centres, developers and investors are looking for the competitive edge. Mr Rune Gustafson of Fitch explains: "Gone are the days when shopping centres had preordained catchment areas. Now shoppers have a choice of centres within a few miles of their homes and with many centres containing the same core shops, one point of difference can be the food court."

In inner cities, food courts are becoming the modern village green, Mr Gustafson suggests. They can act as a meeting place, somewhere to sit and watch the world go by. "It is not the same as sitting in a Woolworths or a British Home Stores having a cuppa . . ."

Food courts may be the flavour of the moment with developers, but guaranteeing the success of such schemes—which cost at least £1m each—is another matter. It is a high-risk area and one that specialists predict will claim many casualties. If the location is wrong, or the types fo food on offer are misjudged, failure is likely.

One example of getting the food wrong happened in The Ridings scheme in Wakefield. Of the 10 kiosks in the food court, one sold Indian food. In spite of being heavily patronised at lunchtime and serving quality food, it proved to be the least popular in terms of overall sales. The situation was remedied when the Indian food was replaced by a kiosk called The Yorkshire Pud, which is among the court's best sellers.

Mr Ian Sherman of Beresford Sherman, a leading restaurant design company, emphasises the importance of a central location. "Many developers make the mistake of slapping them in anywhere there is a dead space."

Mr Michael Haskoll, architect of two existing food courts with seven more on the drawing board, says: "Food courts are not for amateurs. They need a lot of commitment and understanding of retail and food and the preference of shoppers."

Among the more successful courts in the UK are Waverley Market and Cameron Toll Centre in Edinburgh, The Ridings in Wakefield, Victoria Centre in Nottingham and Old Square in Walsall.

In spite of the risks, the phenomenon looks as though it will be not so much a passing fad than, increasingly, a way of life that will have more and more people eating "a bun on the run."

Approval 'likely soon' for food irradiation

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN IS expected to accept European Community requirements that permit the sale of foods processed by radiation. No evidence that foods already being pasteurised with radiation under agreed international controls can cause harm has been submitted to the Government, its scientific advisers said yesterday.

British ministers were now considering making food irradiation legal, said Professor Paul Turner, chairman of the Department of Health and Social Security's committee on toxicology at a meeting of food irradiation experts at the Royal Society, London.

Pressure to accept food irradiation comes from the EC in Brussels. Some EC countries already allow irradiation for specific food products, and the Community wants all such products to move freely among member states. The EC is drafting a directive that will give Britain 18 months to produce evidence of toxicity from irradiation.

Professor Peter Elias, of the Federal Research Centre for Nutrition in West Germany, predicted that both Britain and Germany would follow the 29 nations that have already approved irradiation for specified foods. Such foods include frozen prawns in the Netherlands and strawberries in Belgium.

Prof Elias said it might be three to four years before the British Government approved the process, but more than 30 years of investigation had produced no evidence of harm.

The UK's Prof Turner said that since 1969, irradiated food had been given in Britain to people whose resistance to infection had been impaired by illness or injury. The alternative for such people, who include organ transplant patients, was a diet wholly of canned food.

In addition, said Prof Turner, medical products, including materials used by surgeons to repair and replace tissues that might dissolve in the body, were already treated by radiation at much higher doses than those permitted for food.

Professor Arnold Bender, former professor of food at Queen Elizabeth College, London, said Britain was considering irradiation of three foodstuffs: spices, grain and poultry. Pressure to consider a fourth food—potatoes, where treatment would inhibit shoots—would disappear as progress was made in selection procedures by potato breeders, he forecast.

Because the three foods being looked at formed only a small component of the British diet, Prof Bender said any reduction in nutritious value caused by irradiation would have no significant effect.

However, radiation might have a marked effect in reducing both food poisoning caused by micro-organisms such as salmonella, and the loss of grain from spoiling in store.

Prof David Robinson of Leeds University's food department, said contamination by micro-organisms was the greatest health hazard of Britain's food. There were about 15m cases a year of food poisoning in Britain—a situation that was "almost out of control," he said.

RAC criticises 'piecemeal' road planning

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

AN "INEXCUSABLE lack of foresight" had been shown by the Government in planning the national road network, the Royal Automobile Club said yesterday.

Mr Arthur Large, chief executive, said plans to build vital sections of motorway with only two lanes in each direction would cause substantial economic losses through traffic saturation.

"These false economies will create dangerous bottlenecks and death traps as a result of parsimonious piecemeal planning.

"It is absurd to save small amounts of money compared with the total cost of important road projects, when subsequent removal of these pinch points will be dramatically more expensive and disruptive," he said.

Mr Large said the latest symptom of this "national disease" was the Transport Department's proposal to link three-lane sections of the M40 between Oxford and Birmingham with a 12-mile stretch of dual carriageway.

"The strategy for the future requires reassessment. Much greater investment must be authorised to increase the capacity of the main road network, and to provide alternative routes, so that business is not brought to a standstill by planned major maintenance or accidents on particularly critical sections of motorway," he said.

Mr Large said building a three-lane link on the M40 would add only £4m to the estimated £241m cost of completing the motorway. The RAC plans to put the case for a three-lane link at a public inquiry into the scheme expected to begin in the autumn.

The Government's proposals were defended by Mr Peter Bottomley, Roads and Traffic Minister, who said the additional £4m cost of a three-lane link would pay for by-passes for three or four historic towns.

"We need to keep the right balance. We do not want to cover the whole countryside with concrete and tarmacadam," he said on BBC radio.

Mr Bottomley added, however, that he "would not be surprised" if there were traffic jams on the two-lane section of the M40 in 20 years' time.

Soviet submarines 'beat US on speed and quiet'

BY DAVID BUCHAN

THE INNOVATION of Soviet submarine designers is strongly contrasted with the conservative approach of their western — and particularly US — counterparts in the latest edition of Jane's Fighting Ships, published today.

Captain John Moore, who has edited 15 of the annual naval publications, warns in his last foreword that Soviet submarines can now run faster, deeper and more silently than US boats. He also suggests that some Soviet submarines no longer have conventional propellors, but use almost silent pellers, but use almost silent water at the front and spew it out at the back.

Capt Moore writes that Soviet advances in super conductive materials, which have led to smaller electromagnets, mean that "it is wilful self-deception to ignore the probability that there is today at sea a submarine of tremendous power, of considerable silence and propelled not by a propellor but by skate-like ripple of water."

That description not only resembles that of the submarine Red October in the recent best-selling novel of that name, but also comes when there is growing US Government concern about the difficulty of detecting Soviet submarines. Until recently, Soviet submarines were noisier than their western counterparts

Jane's Fighting Ships, 1987-88. £74.

Talks with unions on News on Sunday relaunch

BY ANDREW TAYLOR

LOCAL AUTHORITIES and trade unions that invested in the troubled News on Sunday newspaper will meet Mr Owen Oyston today to discuss his plans for relaunching the paper this autumn.

In a separate move, the newspaper is also expected today to announce the appointment of a new editor.

Mr Oyston, a socialist millionaire, owns 37.5 per cent of Growfar, a company set up at the end of June to rescue the newspaper from the receiver.

The Transport and General Workers' Union also owns 37.5 per cent of Growfar. The remaining 25 per cent is held by the original shareholders in the newspaper. The rescue is thought to have cost about £6m.

The left-of-centre national newspaper, which was launched in April, had been losing around £130,000 a week before the receivers were called in. Circulation at the end of June was just over 200,000.

More recently there has been controversy over the editorship of the newspaper.

Earlier this week Mr Brian Whitaker resigned as acting editor, claiming that Mr Bill Nutting, an editorial consultant appointed by Mr Oyston, was producing the paper without consulting Mr Whitaker.

The editor and publisher of the News on Sunday were last week formally charged with contempt of court for printing extracts from Mr Peter Wright's book Spycatcher.

Barnes rules herself out to lead SDP

By Our Political Staff

MRS ROSIE BARNES, the SDP MP who steadfastly opposes a merger with the Liberals, yesterday ruled herself out as a candidate for the party leadership.

She threw her support behind Mr John Cartwright, her fellow MP, as a challenger to Mr Robert Maclennan, who is the only one so far to have expressed a willingness to lead the party into the delicate merger negotiations.

Speaking before a meeting of SDP members opposed to a merger, Mrs Barnes said that as a newcomer to Parliament, she would be "very silly to rush into something like this at such an early stage in my political career."

Her decision leaves Mr Cartwright, MP for Woolwich, as the only possible alternative to Mr Maclennan, MP for Caithness and Sutherland and principal author of the SDP's constitution.

It remained uncertain last night whether Mr Cartwright would stand for the leadership.

Mrs Barnes, who became MP for Greenwich in a by-election last February, co-ordinated the campaign in the recent SDP membership ballot in support of the first option favouring closer links wtih the Liberals, not full-blown merger. The ballot resulted in a 57 per cent majority for merger talks.

She ran the gauntlet of Liberal attacks by criticising them as having been weak and ineffective when standing alone before the formation of the Alliance.

Mr Dick Newby, the SDP's national secretary, and Mr Bill Rodgers, the party's vice-president and also a merger supporter, are today to meet Sir Leslie Murphy and Mr David Sainsbury, the party's two trustees, to discuss the future in the event of a merger.

Both Sir Leslie and Mr Sainsbury have indicated that such a move would be a disaster and their own positions would become uncertain if it took place.

Sainsbury sells freezer shops to Bejam

By Christopher Parkes, Consumer Industries Editor

J. SAINSBURY, the supermarket chain, has sold nine of its frozen food shops to Bejam, the freezer specialist.

Five properties will be converted to the Bejam format and the others, which are close to Bejam stores, will be closed. Staff will be offered a chance to transfer to nearby Sainsbury supermarkets.

The stores, all in the south of England, were opened in the mid-1970s when home freezers were becoming popular and many Sainsbury stores were too small to accommodate a full range of frozen foods.

Mr Joe Barnes, assistant managing director of Sainsbury's retail operations, said: "The average sales area for supermarkets currently being opened by the company is some 30,000 sq ft, which compares with less than 18,000 sq ft in 1975.

"This increase of more than 65 per cent . . . allows today's stores to accommodate the full range of freezer foods and drinks stocked by the independent freezer centres."

Ulster development body invests £109m in jobs

BY OUR BELFAST STAFF

THE NORTHERN IRELAND Industrial Development Board spent £109m last year on promoting new jobs and maintaining existing ones, according to its annual report.

A total of 4,187 new jobs were promoted with the financial assistance poured into maintaining existing employment, bringing the cost of each job to £8,581.

Mr Eric McDowell, board chairman, said the attraction of £311m of investment was an important and substantial achievement for the province.

The report indicated that results were "significantly better in terms of investment and the promotion of new jobs than those obtained in the previous year."

It added that there were "encouraging signs of development" and that there was a growth in business confidence within the province as a whole.

"In terms of employment prospects, it is encouraging to note that there has been a distinct slowing in the erosion of employment from the manufacturing sector and the IDB has been involved in less maintenance and rescue work with companies."

BMW cuts spares prices to boost used car sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BMW'S UK SUBSIDIARY is cuting the retail prices of some key spare parts for its cars by between 10 per cent and 45 per cent.

Mr Paul Leyzell, managing director of BMW (GB), said that should help BMW dealers to sell more used cars and keep customers coming back for service in its second largest export market.

He pointed out that the days of exceptionally fast growth in new BMW sales in the UK, where annual registrations rose from 12,000 in 1980 to 36,000 last year, were over. The company is changing its strategy to reflect that.

The decision to cut some spare-part prices was also influenced by the widespread belief in Britain that BMW cars are expensive to service and maintain.

"We are well aware that the perception is that service on BMWs is expensive," he said. "But we are selling a low-volume product of high quality. However, we have now taken action to keep fast-moving parts like spark plugs and filters competitive."

BMW has reduced the price of exhaust rear silencers by 10 per cent; water pumps and cylinder heads by 20 per cent; and camshafts by 45 per cent.

"We must convince dealers that we must have market-related prices on those items where we are in competition with outside quick-fit operators," Mr Layzell said. "We insist that dealers stick to the factory schedule for service and do not charge for more than the standard time. And we have asked dealers to provide quick service bays."

Since 1980, when there were only two national company-authorised used-BMW dealers in the UK, the total has grown to 70. "We are giving approval for dealers to set up used-car outlets on separate sites."

The number of BMW dealerships in the UK, now 153, has not changed significantly since 1980 but about half have since changed ownership after the German group took over from the previous, independent UK importer.

Mr Layzell says the average investment required for a BMW dealership today is £1m and much more in some big cities. "Dealers must remain profitable to justify this," he said.

BMW therefore did not adjust dealers' profit margins in the same way as its rival Audi after the 20 per cent appreciation of the D-Mark against the pound in the 18 months to June this year. Neither had it added a currency surcharge, as had Mercedes.

"BMW is in the UK for the long term and we have to smooth out the peaks and the troughs caused by exchange-rate changes. But we have to pass on some of the cost." BMW prices have gone up by an average of 16 per cent since the beginning of 1986.

Last year BMW took a 1.91 per cent share of the 1.88m new cars sold in the UK. Mr Layzell said: "We expect to be 2 per cent of a 2m cars a year market within five years."

INTERNATIONAL APPOINTMENTS

Director named at UBS

By Our Financial Staff

Union Bank of Switzerland (Securities) announced the appointment of Mr Piers Hartland-Swann as an associate director with particular responsibility for developing and expanding the company's asset swap business. Mr Hartland-Swann was previously product manager, synthetic products with Citicorp.

Mr Stephano Marsaggia will shortly be joining UBS as director, equities with responsibility for southern Europe. Mr Stephano was previously a senior assistant director with Morgan Grenfell.

★

POSTIPANKKI, Finland's post office bank, is to appoint Mr Seppo Lindblom, a member of the board of the Bank of Finland, as the new chairman and chief general manager.

★

YAMAICHI International (Europe), the London subsidiary of the "Big Four" Japanese securities houses, has appointed Mr Minoru Harada general manager of the international planning and development department of Yamachi Securities in Tokyo.

Turkish banking faces major shake-up in senior positions

BY DAVID BARCHARD IN ANKARA

TURKEY'S private and public sector banks are facing a major shake-up of top positions. At Yapi ve Kredi Bankasi, the country's second largest private bank, Mr Husnu Ozyegin, 43, is to be replaced as general manager by Mr Burhan Karacam, 38, who was head of the Izmir-based Egebank until last June.

Mr Karacam is currently running a West German subsidiary of the Cukurova Group, owners of Yapi ve Kredi Bankasi.

Mr Ozyegin is departing on friendly terms with the Cukurova Group after serving three years of a five-year contract. During this period he is widely credited with pulling the bank back into the black after a troubled decade.

Mr Ozyegin says that his mission at Yapi ve Kredi Bankasi is now completed and he wants to set up his own merchant bank, which received government approval last week. It will be called Finansbank and will be a partnership between Mr Ozyegin and the Eska Group, with Mr Ozyegin owning an [illegible] per cent stake.

Meanwhile, the prime minister, Mr Turgut Ozal, is steadily replacing the heads of the major state banks. Mr Ismet Alver, 59, has been appointed as head of the Vakiflar Bankasi, and Mr Coskun Ulusoy, 35, has been made head of the Halk Bankasi.

Mr Ulusoy had been heading a financial services company set up in Turkey by Morgan Grenfel of the UK.

The changes are being seen as part of an attempt by the prime minister to inject new life into Turkey's large but sluggish state banking sector. He is believed to be planning further changes in banks such as Emlak Kredi and, possibly, the Ziraat Bankasi, Turkey's largest bank, which handles all agricultural credits.

Sources close to the prime minister, Mr Turgut Ozal, are known to be dissatisfied with the quality of Emlak's present management, while the prime minister is believed to have been looking for a suitable candidate to become general manager of the Ziraat Bankasi for many months.

Mr Turgut Ozal: injecting new life into banking

Morgan in senior reshuffle

By Our Financial Staff

J. P. Morgan, US banking group, announced that Mr David W. Hudson had been named senior vice-president. Mr Hudson, who will be based in Hong Kong, will be responsible for all Morgan's business activities in the Asia/Pacific region excluding Japan.

Mr Hudson succeeds Mr Thomas B. Ketchum, who has been appointed general manager of the Euro-clear operations centre in Brussels, which is operated by Morgan under contract.

★

ELDERS FINANCE INC, recently established New York-based subsidiary of the fast-growing Elders Finance Group, appointed Mr Dennis Selby, 55, executive vice-president and manager of the precious metals department, and Mr Ralph Mizrahi, 35, executive vice-president and manager of the options department.

★

BECHTEL, Californian engineering and construction group, elected Mr Riley P. Bechtel to the board of directors of Bechtel Group, Inc, and Mr Adrian Zaccaria a senior vice-president of Bechtel Power Corporation.

Alliant computer chief for European unit

ALLIANT Computer Systems, manufacturer of minisupercomputers for the scientific and engineering markets, announced the appointment of Mr John M. Harte, 42, as president of European operations.

Mr Harte was most recently vice-president of sales, service and marketing worldwide at Floating Point Systems. He will be establishing Alliant's European headquarters in England and will report to Mr David L. Micciche, Alliant's vice-president of worldwide sales, service and marketing.

Mr Harte will lead the expansion of the company's European sales and service operation, including its new subsidiaries in the UK, France, Germany and Italy. These subsidiaries are expected to be fully operational no later than January 1988.

★

HECK'S, US discount store group, named Mr John Isaac Jr, president and chief operating officers, succeeding Mr Theodore Kazleman who resigned last month.

Mr Isaac was formerly president and chief executive of Tradevest Inc, a Fort Lauderdale, Florida, retail chain.

Heck's is currently operating as a debtor-in-possession under Chaper 11 of the US Bankruptcy Code.

Accountancy Appointments

BANQUE INDOSUEZ

INTERNATIONAL BANKING

HEAD OF INTERNAL AUDIT

Banque Indosuez is an international bank, headquartered in Paris, with representation in 65 countries providing commercial and investment banking services to both corporate and private clients. Responding to the needs of its international clientele the Bank has aggressively developed its activities on the world's capital and money markets, developing new products and services to supplement its traditional expertise.

It now seeks a self-motivated individual to control its internal audit function and contribute to the efficiency of the Bank's operations. In addition to managing a small audit department, the successful candidate will be required to maintain up to date knowledge of major developments within the Bank in order to advise management etc.

Candidates must be chartered accountants with previous experience of bank audits and knowledge of the newer capital market instruments, gained within the financial services sector or a major accountancy firm. A sharp, analytical mind is essential, as is the ability to work effectively in a changing and complex international environment. Strong management skills, integrity and excellent communication skills are key requirements.

Based in the City, the position offers a competitive salary, car and comprehensive banking benefits. Excellent career prospects exist, including the opportunity to diversify into mainstream banking in London or overseas.

Please reply in confidence, enclosing full career details and quoting reference B7862 to Anne Routledge.

KPMG Peat Marwick McLintock

Executive Selection and Search
9 Creed Lane, London EC4V 3PD

Appointments Advertising

£43 per single column centimetre
Premium positions will be charged £52 per single column centimetre

For further information, call:

01-248 8000

Daniel Berry
Ext 3456

Tessa Taylor
Ext 3351

Director of Finance

Swindon

c£30,000 + substantial bonus + car

Our client is the UK subsidiary of a leading US group involved in the development and production of pharmaceutical and health care products.

Situated at modern premises in Swindon, the UK company has achieved substantial turnover and profit growth over the last 5 years and is now a significant contributor to the Corporations results.

Due to internal promotion the company now seeks a positive individual to join the Management Team as Director of Finance to provide both sound financial expertise and commercial direction to the business at a senior level.

Candidates should be qualified accountants aged between 34-42 with a manufacturing background and have had exposure to US Corporate reporting techniques. High calibre financial and management accounting abilities are vital as is the enthusiasm to succeed in this stimulating environment.

Please write enclosing full resumé quoting ref: 139 to:–
Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE.

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

Finance Controllers

Thames Valley — £25-27K + Car + Benefits

Our client is the principal subsidiary of an international group providing industrial and distribution services to major organisations. Operating in over sixty countries they are one of the world's largest companies in their field. Due to recent expansion they are currently seeking to recruit two high calibre accountants for the following positions:

Divisional Finance Controller

Reporting to the Director for the UK operating unit and supervising a team of 80+, you will be responsible for the total finance function. Forming part of the management structure you will be expected to provide financial guidance in all aspects of planning and budgeting. Good man-management skills, diplomacy and energy are essential qualities for this positon.

Group Finance Controller

As part of the small head office team you will co-ordinate the consolidation of monthly and year end accounts, budgets and plans. You will also be expected to liaise closely with all overseas operational units to ensure accurate information is received on a timely basis. Good technical skills and knowledge of statutory reporting requirements are essential. Reporting to the Finance Director, you will supervise 5 staff.

Candidates, preferably aged between 30-40, will possess a recognised accounting qualification (ACA, ACMA or ACCA) and have gained extensive commercial experience, ideally in a multi-national environment. Prospects for future development are excellent.

If you have the drive and the ambition to work in a dynamic and progressive environment write enclosing a comprehensive cv to Stephen Doyle ACA or Wayne Thomas ACMA at Michael Page Partnership, Kingsbury House, 6 Sheet Street, Windsor SL4 1BG quoting ref: SV1057

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor StAlbans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

AN ENTREPRENEURIAL OPPORTUNITY

This is an exceptional opening for those seeking a new challenge in accounting within a specialist securities trading firm. They have a rapidly growing accounts department whose development offers many challenging prospects.

Applicants will be partly or recently qualified accountants with excellent communication skills and a strong interest in the financial sector. Working within the trading accounts area they will need the initiative to complete the 'ad hoc' tasks arising, and the maturity to assume the responsibilities created by continuing growth.

This is an exciting opportunity for self-starters to join a new and dynamic company, and the rewards both financial and in terms of job satisfaction, will be substantial.

Applicants should contact Roger Steare on 01-606 1706 or write to him at Anderson, Squires Ltd., 127 Cheapside, London EC2V 6BU.

Financial Recruitment Specialists
London — Frankfurt — Paris

Anderson, Squires

Financial Controller

North East — c £22,000 + Bonus + Car

Our client is a division of a noted international group. Their universally recognised products have established a dominant position in a highly competitive market sector.

They seek to recruit a Financial Controller who, in addition to the usual duties associated with this role in an autonomous profit centre, will be expected to provide commercial support to the Managing Director. The initial brief will include the continued development of the company's management information systems whilst the successful applicant will also be expected to contribute significantly to strategic business planning and the overall management of the business.

Candidates, aged 28-35, should be qualified accountants who can demonstrate strong management ability and well developed inter-personal skills, preferably gained in a service/retail environment covering multi-site operations, in addition to computer literacy and commercial flair. Excellent career prospects exist.

Interested applicants should write to Stephen J. Broadhurst or Angela McDermottroe, quoting ref: L8362 at Michael Page Partnership, Leigh House, 28-32 St. Paul's Street, Leeds LS1 2PX. (Tel: 0532 450212).

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor StAlbans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

FINANCIAL CONTROLLER

Leicester — c. £25,000 + Car

Our client is a fast expanding and highly successful quoted group of companies in the consumer manufacturing sector. The group is developing rapidly and this has prompted the creation of a new position as financial controller of a multi-site manufacturing division with a turnover of £15 million.

Candidates should ideally be aged between 30 and 40, and should be qualified accountants with at least three years experience in senior roles within medium sized manufacturing companies. Previous experience of developing computer based costing and financial systems is highly desirable.

This position requires a person with a flexible approach to financial management, capable of adopting a shirtsleeves style where appropriate but at the same time able to operate at board level in providing strategic advice, and assisting in planning the long range development of the business.

Since the business is developing rapidly the successful candidate will need a strong but diplomatic personality, and be able to relate to staff at all levels of the business in order to implement changes without disrupting the smooth running of the company. Significant career opportunities can be expected to develop from this position.

If you feel you meet these requirements, please write in confidence, enclosing a full curriculum vitae to Alan Coppock; Executive Selection Division, quoting reference number L/722.

KPMG Peat Marwick McLintock

Executive Selection and Search
City Square House, 7 Wellington Street, Leeds. LS1 4DW.

ADMINISTRATION AND ACCOUNTING DIRECTOR

With commercial acumen, flair and toughness

c.£30,000 + car — City

If this were manufacturing industry, our heading would have been Finance Director, but in the case of one of the world's largest and most successful financial services groups we need to enlarge a little. We are looking for a qualified Accountant (preferably CA) who will work closely with the Chairman, without the need for day to day supervision, in achieving a smooth running accounts function for the four operating companies which fall within his span of control. Ideal candidates, probably late twenties/early thirties, will have gained broad commercial experience in a smallish environment and will have had exposure to much more than one discipline. Computer literacy, systems knowledge and management accounting all have a part to play—and with increasing involvement in M & A work, some experience of, or interest in, this area would be a distinct advantage. Above all you will need to be tough without being aggressive, extrovert without being brash, and streetwise. We appreciate that all this is a lot to ask of the age group targeted, but in return there is a very generous salary package on offer, along with a career opportunity which could lead to full board status in the short term. Please send full career details to Malcolm Lawson, quoting reference LI 7178.

LINK 13/14 Hanover Street, London W1R 9HG. Telephone 01-493 5788.

Link International Search & Selection Ltd.

Management Consultancy

...To Confer, Question, Advise, Instigate

London — £30-35,000 + Car & Relocation

We have been retained by a select number of prestigious management consultancy firms to recruit young high calibre individuals.

These positions will give you the opportunity to:

- Accelerate your career path through working on a variety of challenging assignments.
- Gain valuable knowledge of key business decision support systems.
- Develop extensive contacts within a wide range of successful businesses.
- Work with experts within a multi-discipline environment.
- Advise top management.

In addition, a period in consultancy can prove to be an ideal vehicle to transfer your financial skills to another sector at a later date.

The successful individuals will be graduate qualified accountants, aged between 25 and 35, who can display an impressive track record within 'blue chip' organisations.

You will have an outgoing and ambitious personality and possess the ability to communicate effectively with all levels of management.

If you believe you have the qualities required then write, enclosing your curriculum vitae, to Paul MacIldowie ACA, Executive Division, Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH, or ring him on 01-831 2000, quoting ref: 444.

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor StAlbans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Legal & General Investment Management

neg. salary + financial sector benefits + car

Legal & General Investment Management is a recently established autonomous company within the Legal & General Group. With some £12 billion under management, we are a major force in the fiercely competitive fund management sector.

FINANCIAL CONTROLLER

Reporting to the Director - Finance & Operations, the Financial Controller will be called upon to manage all aspects of the accounting function. This is a highly commercial role calling for an entrepreneurial, profit orientated approach, together with first rate managerial skills. We will require the successful applicant to make a major contribution to financial management performance whilst operating effective control systems.

Although a banking or investment background would be useful the most important criterion will be an outstanding record of personal performance. For this reason, it is doubtful that anyone under 30 will have the required depth of experience.

Salary is unlikely to be a barrier to the appointment of the right candidate and the many other benefits will include a car, mortgage subsidy, share options, profit sharing and non-contributory pension.

For immediate consideration, please send a detailed c.v. to:
Mike Jarvis,
Director–Finance and Operations,
Legal & General
Investment Management,
Bucklersbury House,
3 Queen Victoria Street,
London EC4B 8EL.

A · MAJOR · NEW · CITY · OPPORTUNITY

APPOINTMENTS ADVERTISING

£43 per single column centimetre

Premium positions will be charged £52 per single column centimetre

For further information

call 01-248 8000
Daniel Berry ext 3456
Tessa Taylor ext 3351

MS

FINANCIAL CONTROLLER
(FINANCIAL DIRECTOR DESIGNATE)

Central London — **£23,000 plus car, profit share and benefits**

Our client is a successful and growing high technology company with a solid base in consultancy services to the chemical, oil and nuclear industries. These services are being rapidly broadened, both in technical scope and geographical coverage, and the company has recently developed a business in supplying specialised software products to a worldwide market.

They seek a financial controller capable of playing a key role in the further development of the business who, with the help of a small support team, will take direct responsibility for day-to-day accounting, management information, and all general administrative matters, reporting directly to the chief executive.

Ideal candidates will be computer-literate qualified accountants, probably aged around 30, who seek personal career growth. Early appointment as company secretary will be made and it is envisaged that a board appointment should be justified within about two years.

Please apply in confidence, quoting reference no. 14672, with full career history and current remuneration to:-

Norman Farrant, Director, Executive Selection Division,
Moore Stephens International Limited,
St. Paul's House, Warwick Lane, London EC4P 4BN

MOORE STEPHENS
INTERNATIONAL LIMITED

FINANCIAL CONTROLLER

US Bank — **c.£40,000 + Banking Benefits**

Our client is one of the most successful regional banks in the USA. The UK business is heavily geared towards investment banking and has recently acquired a major UK stockbroker. They now seek an outstanding accountant as head of their banking-related finance function.

This individual will have responsibility for all management, financial and tax information both for the traditional banking activities and a variety of new capital market products. The individual will also be responsible for regulatory reporting as well as working closely with the systems and operations areas.

This will be a challenging role for an ambitious chartered accountant in their early 30's who feel they now have the capability to step into senior management. Investment banking knowledge, familiarity with regulatory matters and first class communication skills are essential. The position also demands an individual who combines the "shirt sleeves" approach with an awareness of the broader aspects of financial and operational control within a rapidly changing banking environment.

Interested candidates should contact Suzie Mummé on 01-248 3653 (0932-220151 evenings/weekends) or write, enclosing a detailed curriculum vitae. All applications will be treated in the strictest confidence.

60, Cheapside, London EC2V 6AX — BBM ASSOCIATES — Telephone: 01-248 3653

CONSULTANTS IN RECRUITMENT

Accounting for Success

Key financial posts with an aerospace high flyer — Cotswolds

It's easy to see why my client, a major company within an international group, is a leading name in the aerospace industry – enjoying sound and sustained success.

Being in a fast developing sophisticated industry they attach great importance to all aspects of their business, from product development and sales to the crucial area of financial management. With a turnover of well over £100m financial management with them offers tremendons scope and challenge.

These important vacancies have been created by promotion of two key accountancy figures within the Group. Both positions are vital to the financial well being of the organisation and offer the right people outstanding career prospects.

Financial Manager
circa £20,000 + car

In this senior management role you will head up a 30 strong team. You will be responsible for the full range of financial management and Treasury functions associated with this type of position – including a major role in the development of financial policy. This position will involve responsibility for systems and staff development to meet the company's ambitious plans.

You will be a qualified or graduate accountant with relevant experience, proven man-management skills and with the enthusiasm to take on the responsibilities of the challenge involved.

Management Accountant
circa £16,000

This is a wide-ranging role which will involve working closely with all functions of the business at director level. The position offers an excellent opportunity to become involved in business development and strategic planning, major project analysis and capital proposals together with other specialist exercises.

You will also be expected to play a leading role in the preparation of forecasts and financial plans.

In addition to a degree or formal accountancy qualification and some relevant experience, you must be able to demonstrate the potential to take advantage of the real career prospects offered by this position.

Experience of computers and PCs is essential to enable you to take a leading role in the development of this area.

With both of the above positions the salary is enhanced by the range of benefits you would expect from a major employer.

Austin Knight Selection have been retained to advise on this appointment. Please telephone me, Peter McMahon on 0272 422681 (office hours) or 0452 856017 (evenings/weekends). Alternatively send me your CV quoting Reg S/258 at Austin Knight Selection, Brunswick House, Upper York Street, Bristol BS2 8QN.

Austin Knight Selection

Divisional Financial Controller

West Yorkshire — **to £25,000 + Car + Benefits**

Our client is a £35 million turnover multi-site manufacturing division of a highly acquisitive rapidly expanding quoted textile group. Their product range has an enviable reputation in the UK and overseas which has resulted in the successful penetration of consumer and leisure markets.

Continued product and market growth coupled with a substantial capital investment programme, creates the need to recruit a Divisional Financial Controller. Reporting to the Divisional Managing Director, key areas of responsibility will be the integration and development of sophisticated financial management information systems, with emphasis on business planning/forecasting, which will allow the incumbent to play an active part in the commercial strategic management of the business.

Candidates, aged 27-33, will be qualified accountants of graduate intellect, who can demonstrate outstanding achievement to date, coupled with strong communication skills and the ability to make an effective contribution to the profitable development of the company. As this is viewed as a development role within the group, career prospects are considered excellent whilst success in this role will lead to an early Board appointment.

A comprehensive package including a profit related bonus scheme and full relocation facilities are available where appropriate. Interested applicants should write to Stephen J. Broadhurst, quoting ref: L8360, at Michael Page Partnership, Leigh House, 28-32 St. Paul's Street, Leeds LS1 2PX. (Tel: 0532 450212).

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor StAlbans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

UK Taxation Specialist

West London — **c.£27,000 + Car**

Our client is one of the world's leading construction organisations with a wide spectrum of operations and involvement in the most demanding projects. Their continued success and development has come from the ability to innovate and adopt new techniques.

Expansion from within the taxation department now results in a vacancy for a UK taxation specialist. Reporting to the group taxation manager, the holder of the position will work as part of a close knit team.

In addition to routine compliance work the successful applicant will be required to give tax advice to commercial management on new business development and take an active part in longer term tax planning. The post will provide an opportunity to gain exposure to international tax.

Ideally a graduate ACA, the individual should be a self-starter with strong technical skills who relishes a team environment. This is an excellent opportunity to work within a dynamic forward thinking company.

For further information call David Kennedy on 01-831 2000 (evenings/weekends (0732) 460373) *or write to him at the* Taxation Division, Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor StAlbans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Financial Controller

c.£20,000 + Car

Yorkshire

for a major operating arm of one of the UK's leading specialist engineering companies operating in home and export markets. With a turnover of around £90 million, the unit is poised for further development following a strategic review of the business.

Responsibility initially will be to the Works Manager for all aspects of the financial management of the unit. Simultaneously the appointee will play a key role in developing and introducing new systems to support the discrete business profit centres which have been defined.

The need is for a qualified accountant with a background of financial management in medium to heavy engineering. A sound record of achieving change is essential.

Salary: Negotiable around £20,000 plus car and other benefits.

Age: at least 30 Location: Yorkshire

Please write in confidence to Ken Paterson as Adviser to the company.
Arthur Young Corporate Resourcing,
17 Abercromby Place,
Edinburgh EH3 6LT.

Arthur Young Corporate Resourcing
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Finance Manager

c.£22,000 + Car

East Midlands

Our client is a market leader in the engineering sector, manufacturing and servicing an extensive range of products for both domestic and international markets. With an enviable reputation for excellence of product quality, design and reliability, the organisation is seeking to build on these advantages with a long term programme of investment in product development and new technology which will further enhance its market share.

To support this exciting phase of business development the company has redefined its operations into discrete business groups, each with operating revenues in excess of £100m.

Reporting to the Financial Controller of one of the new groups, the appointee will be fully responsible for providing and evaluating the business's financial and management information to tight deadlines. In addition to directing a team in the compilation of group budgets, forecasts and plans, the individual will have the scope to introduce and implement new systems and procedures and participate in the formulation of new group policies and plans.

Candidates are likely to be qualified accountants, aged in their late 20s/early 30s. Ideally, applicants will have gained several years corporate accounting experience, preferably within a manufacturing organisation operating in the contract engineering environment.

Above all we are looking for strong interpersonal and management skills plus the initiative and drive to influence change and the commitment to direct it to business goals.

Please reply in confidence, giving concise career, personal and salary details to:
Judith Richardson, Ref. ER 942,
Arthur Young Corporate Resourcing,
Citadel House, 5-11 Fetter Lane,
London EC4A 1DH.

Arthur Young Corporate Resourcing
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

PSIT plc

ASSISTANT GROUP CHIEF ACCOUNTANT

A large public property company requires either a newly qualified accountant preferably with good experience of budgets, computers and consolidations or a person qualified in recent years with similar background wishing to broaden their experience.

Excellent working conditions and salary. Please send full CV when replying.

G. H. Caines, F.C.A.
Financial Director
PROPERTY SECURITY INVESTMENT TRUST PLC
Fetcham Park House
Lower Road, Fetcham, Surrey KT22 9HD

GROUP ACCOUNTANT

c£18,000 p.a. plus car
SUTTON, SURREY

Expanding service company wishes to appoint a qualified accountant looking to share in the rewards offered during this exciting phase of development.

Prospects within 3 years to be a group director assisting the company to the U.S.M.

C.V. to:
A. N. Hinwood, Financial Director
GLOBAL GROUP
8-10 High Street, Sutton SM1 1HN

European Finance Manager

Pharmaceuticals **Circa £26,000+Car**

Our client, a household name and a publicly quoted Group, is a highly successful British based multi-national.

Based at the Division's Headquarters in the UK, the person appointed will be a key member of the European management team and be responsible for financial and analytical support for their European subsidiaries. This will also include business evaluation, performance monitoring and acquisition analysis. Considerable liaison will be necessary with senior management in the UK and with the subsidiaries which will involve travel within Europe.

Candidates should be qualified accountants of graduate calibre, probably aged between 28 and 35, who have experience of working at senior level in finance in an international environment, ideally within the pharmaceutical industry. An outward-going personality is an essential requirement.

This challenging position which has arisen because of internal promotion, has exceptional long term potential.

If you are interested, telephone Stuart Adamson FCA on Leeds (0532) 451212 or send your CV to Adamson and Partners Limited, 10 Lisbon Square, Leeds LS1 4LY.

ADAMSON & PARTNERS LTD.

Executive Search and Selection

Qualified Accountants

Up to £20,000 per annum plus excellent benefits

Our client is the British Operation of a European Multinational with major interests in industrial, pharmaceutical, agricultural and consumer fields on a number of sites in the UK. It seeks to recruit Qualified Accountants to join its HQ some 60 miles west of London, as Business Group Accountants. Work will involve inter alia production, monitoring and interpretation of financial information to non-accounting managers, allied to updating of computerised systems used for Management Information Systems. Candidates will have both financial information preparation and main frame computer experience in either professional or commercial fields allied to good communication and leadership skills. Promotion prospects are excellent and remuneration package well above average.

Apply in confidence to Hamilton Howatt, John Courtis & Partners, 104 Marylebone Lane, London W1M 5FU stating how you meet our client's requirements and quoting C493/FT. Both men and women may apply.

JC&P Management Selection and Search

London, Milton Keynes, Northwich

Group Project Accountant

N.W. London **c.£22,000 + Car**

Our client is a group of companies (Turnover £15 million) at the forefront of the publishing, typesetting and printing industry. As a result of an aggressive acquisition policy they have trebled in size over the last two years. Further expansion is taking place and a U.S.M. debut planned within the near future.

The Project Accountant will report to the Group Finance Director, who has created this role and views it as a fundamental link in the expansion plans. The successful candidate will tackle the investigation and integration of newly acquired companies, their balance sheet appraisal, computerisation projects, and streamlining of existing systems. Travelling throughout the South-East, working to tight deadlines at high speed, this position offers excellent future opportunities.

Candidates will be qualified, under 30, with two years' pertinent experience. They will demonstrate a record of achievement in a computerised environment and an appreciation of the strong communication and analytical skills required in a fast expanding company.

Applicants wishing to discuss this position further should phone, or write to, Rod Leefe at the address below.

FOCUS

EXECUTIVE SEARCH & SELECTION

5th Floor, Westcombe House, Whitcomb Street, London WC2H 7DN. Tel: 01-930 8502

Internal Audit Supervisor

UP TO £20,000 + CAR AND BENEFITS

United Biscuits is one of the largest food groups in the world with a turnover in excess of £1,900m and diverse interests in the UK and overseas.

Based at group headquarters in Osterley you would be working in a department of 14 and be responsible for the group evaluation of Internal controls and systems in Southern England and Europe, therefore some travel in the UK and abroad would be necessary. You should be a fully qualified chartered accountant, although candidates with ACCA/ACMA would be considered and have good audit experience of large commercial organisations. Knowledge of French and/or Spanish would be an advantage. In addition to a competitive salary and company car, benefits include subsidised staff restaurant, generous holidays and contributory pension scheme.

Applicants should write enclosing a comprehensive c.v. to Miss Lindsay Tunbridge, Personnel Manager (HQ), United Biscuits (UK) Limited, Grant House, PO Box 40, Syon Lane, Isleworth, Middlesex TW7 5NN. Tel: 01-560 3131, ext. 4300.

UB **United Biscuits**

McVITIE'S • CRAWFORDS • KP FOODS • WIMPY • UB FROZEN FOODS • TERRY'S OF YORK • PIZZALAND • KEEBLER (USA) •

FINANCIAL ACCOUNTANT

Weybridge (Surrey) ***Earnings up to £21,500 p.a. + Car.***

Our Client is an international group, based in the United Kingdom, with areas of operation spanning tobacco, optics, retail & wholesale distribution, office products, housewares and engineering. They now have an opportunity for a qualified Accountant to join them in their U.K. tobacco company, based at Weybridge, in an extremely attractive country setting.

Reporting to the Chief Financial Accountant you will be overall responsible for providing financial reports and information to comply with both the Company and Group requirements.

In addition to the normal duties of preparing monthly aggregated accounts, and providing statutory financial information, you will be expected to take an active creative/advisory role by:-

★ Commenting on financial implications of information produced.

★ Reviewing financial systems and procedures to ensure provision of effective financial information and procedures for the management and stewardship of the business.

★ Contributing to interpretation of accounting requirements set by statute, accounting standards and Group, to determine accounting policies framework for the Company and in issuing instructions to location and Divisional accountants as appropriate.

Already a qualified accountant (preferably chartered), in the age group 28-38 years, with at least 3 years experience in a well run professional Head Office (preferably in a fast moving operating environment within an organisation supplying the retail trade) managing both qualified and clerical staff you must be a good communicator with a positive and confident personality. Experience in development of computerised systems would be a distinct advantage.

To apply please write (enclosing C.V.) to our consultant, HARRY CHEESLEY, at Coplan Recruitment Consultants Ltd., 34-35 Skylines, Limeharbour, Docklands, London E14 9TA.

GALLAHER LIMITED

A MOVE WHERE IT COUNTS

National Technical & Training Director

c £35,000

Our client is a National firm of Chartered Accountants, looking to appoint a senior level person to strengthen and co-ordinate its national technical and training policy. This appointment will be at salaried partner level, reporting directly to the national managing partner.

The responsibilities will include:

* Design and implementation of new procedures aimed at maintaining high standards of professional work.
* Supervision and co-ordination of the training of students for all professional exams.
* CPE for all partners and professional staff.
* Preparation and issue of technical literature for internal and external use.

The successful candidate will need to show, in addition to strong personal and communicative skills, a practical and commercial approach to the implementation and monitoring of training and technical standards.

Candidates should write, in strictest confidence, to Mervyn Dinnen, Managing Director, or call on 01-638-1711.

MERVYN DINNEN ASSOCIATES

FINANCIAL CAREER AND RECRUITMENT CONSULTANCY

46 MOORGATE, LONDON EC2R 6EL TELEPHONE 01 638 1711

Financial Controller

£20K and car

BP Nutrition (UK) Limited is a leading company in the agricultural, fish farming and petfood markets. Based in Cheshire, it is the UK and Ireland operation of the world's biggest feed manufacturer.

Through career development, we have a requirement for a Financial Controller who will report directly to the Managing Director.

As a senior member of the management team with your own staff, you will be totally involved in the company's continuing growth, including the further development of an integrated computer system.

Aged from 30 to 40, you will be a qualified accountant or MBA, have a broad commercial background and a strong track record in a profitable company. Experience in the animal feed industry would be an advantage.

We offer a starting salary of at least £20K plus a car, non-contributory pension scheme, share scheme and relocation package.

Please write, in confidence, with full personal and career details to Mr R. S. Rees, Personnel Manager, BP Nutrition (UK) Ltd., Wincham, Northwich, Cheshire CW9 6DF.

BP is an equal opportunity employer.

BP nutrition BP

FINANCIAL CONTROLLER

Aged early 30's **c£22,500+executive benefits package**

An ambitious, yet 'people conscious' CIMA is needed to join the senior management team of this highly profitable Shropshire based manufacturing company. Turnover — £6m per annum 2 years ago — is currently passing through £15m p.a. to a projected level of £35m p.a. in 3 years time.

Reporting to the Financial Director the role will include the review and development of all management controls, systems & reporting to a level compatible with their growth. In addition, as an integral member of their senior operational management team, the successful candidate will be involved in all on-going commercial and general management activities within the business. This participation allied to their growth will be sufficient to provide stimulus and career progression to even the most motivated of candidates.

We anticipate applicants from a manufacturing background who can demonstrate their ability to contribute to corporate success whilst balancing the need for the highest of standards in the financial accounting area with the more commercial approach associated with management accounting and general decision making.

Applicants should write with full details of career to date and present earnings quoting reference FT0803 to Brian J. Smith, CIMA at:

QMS Recruitment

Quorn House, 6 Princess Road West

Leicester LE1 6TP

Regional Accountant

Tax free £ negotiable

We are the UK based market leader supplying services and equipment in our sector of industry. Our business spans the UK, Europe, Middle East and the USA.

We have an initial career development opportunity for a fully qualified Accountant to be based in the Emirates and take over the senior financial role for several companies in the Gulf States.

This post is likely to interest ambitious young Accountants who wish to develop a career in a major UK Group and also gain the financial rewards and experience which result from an initial tour working overseas.

Experience of Financial Accounting, business controls and micro computer applications would be an advantage, but above all a commercial approach is required.

Phone our Financial Director, Chris Wigg, on 01-648 3400 ext. 3241 for an informal discussion and to arrange a meeting, or send your c.v. to him at:–

SGB plc

SGB plc, 23 Willow Lane, Mitcham, Surrey CR4 4TQ.

FINANCIAL ACCOUNTANT

c.£21,000

Hamilton Brothers, a highly successful oil and gas exploration company based in Mayfair, is looking to recruit a Financial Accountant.

This is the senior position in a team of three and reports to the Assistant Financial Controller. The extensive range of duties includes responsibility for all aspects of the Company's financial ledgers as well as making a significant contribution to systems development.

Candidates, in their mid-20s and recently qualified, should have strong communication skills and be able to demonstrate an imaginative and flexible approach to their work.

We are offering a competitive salary together with excellent benefits, including pension, LVs and private medical insurance.

Please send a current full cv to Georgina Baines, Hamilton Brothers Oil & Gas Ltd, Devonshire House, London W1X 6AQ.

Hamilton Brothers Oil and Gas Limited

FINANCIAL CONTROLLER

SOUTH LONDON

Age: 28-35 **£20,000 + Car**

A rapidly expanding private publishing and printing group with annual sales of over £30 million seeks an ambitious Financial Controller for a recently acquired subsidiary.

Reporting to the Managing Director, the successful candidate will be responsible for:

— financial and management accounting;
— the day to day control of the accounting function;
— further computerisation and improvements to the management information system

Applications are invited from qualified accountants in the age range 28-35 with sound experience including computerisation and proven ability to manage and motivate staff.

Please send, a comprehensive career résumé, including salary history and day-time telephone number, to the Financial Director,

Yellow Advertiser

ACORN HOUSE, GREAT OAKS, BASILDON ESSEX SS14 1AH

YELLOW ADVERTISER GROUP OF COMPANIES

ACCOUNTANT/ADMINISTRATION MANAGER

REQUIRED FOR SWISS COMPANY

LONDON BASED WITH REGULAR TRAVEL ABROAD

Therefore knowledge of French and/or German an advantage

Accountancy background essential for establishing office systems and supervising personnel. Reporting directly to MD. Age 28 plus

Top remuneration package

APPLY ROYCO AG - TEL: 01-235 0674

Management Accountant

to £17,000 + car

Jointly owned by the Dun & Bradstreet corporation and the International Thomson Organisation plc, we are leaders in the field of local directory publishing.

You are a newly or recently qualified or finalist ACA, ACCA, ACMA looking to move into a small but demanding accounting unit. As a management accountant, you will head a team of four responsible for monthly management and annual statutory reporting. IBM PCs are used, both to maintain the general ledger and for spreadsheet work. A tight timetable is adhered to and a strong sense of commitment to teamwork is essential.

Conditions of employment are excellent and include a negotiable salary of around £17,000 plus car for a qualified accountant or around £15,000 plus study assistance for a finalist. Other benefits include five weeks' holiday, a contributory pension fund and relocation assistance where approriate.

Please write with full cv to
Marjorie Christie, Personnel Controller, Thomson Local Directories, Thomson House, 296 Farnborough Road, Farnborough, Hants GU14 7NU.

THOMSON LOCAL DIRECTORY

FINANCE/DEVELOPMENT DIRECTOR

Package including substantial base to £80k pa. A top flight Finance Director having special responsibilities for overall group strategy is sought by MERITLINK LTD, the UK's leading electrical distributors.

To date the Group's growth rate has been explosive necessitating the services of a fully Qualified Accountant with entrepreneurial skills to match those of it's chairman.

This is definitely a blue chip appointment for a current Finance Director around 40, to fully express his/herself and exploit excellent financial rewards as well as to enjoy the benefits of this company's potential.

Those interested in applying should call David Alloway on 01-906 3633 between 9.30 am and 5.00 pm on August 21st.

BMI

FINANCIAL MANAGEMENT TAX AND AUDIT

BMI requires Chartered Accountants with tax experience to work as assistants to the Directors to carry out financial management work.

The candidates should demonstrate professional maturity, confidence, initiative and commercial awareness of an entrepreneurial level.

The candidates will control and expand their specific areas of operation which may include corporate and financial consultancy, investigations, venture capital funding, taxation and audit work for a chartered accountancy practice.

BMI is a fast-expanding financial management group with offices in London and Paris, providing part-time financial director services, venture capital, commercial loans, mortgages, and investment planning.

There is an opportunity for career development to Director level for the right candidate.

Excellent salary plus benefits.

Send full C.V. in complete confidence to:
BMI (Holdings) Ltd, 49 Old Bond Street, London W1X 3AF

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent PII examinations. We propose to publish the list in our issue of Thursday 24th September, which will also contain several pages of advertisements under the heading "Newly Qualified Accountancy Appointments." The advertising rate will be £43.00 per single column centimetre; special positions are available by arrangement at premium rates of £52.00 per scc.

GUIDE TO RECRUITMENT CONSULTANTS

Entries in the Guide will be charged at £65.00 which will include company name, address and telephone number and additional information will be charged at £12.50 per line.

For further details please contact:

Louise Hunter
Appointments Advertisements Manager
on 01-248 8000 ext 3588
or 01-248 4864

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

FINANCE & ADMIN DIRECTOR

New Barnet
Herts.

c£30k
plus
substantial benefits
incl. profit sharing.

Have you reached a point in your career where you are able to take advantage of a rare opportunity leading to an early Board appointment and eventual shareholding within a long established, profitable and rapidly expanding company?

Probably in your early 30's; with excellent professional and degree qualifications; a strong commercial orientation and significant computer and systems literacy, you would positively enjoy the creative and demanding position as a key member of the four man top team responsible for making the decisions as well as implementing them!

The position demands inspired management and leadership qualities combined with sound administrative and professional skills.

Our current turnover of £3.5m is based on an enviable reputation for supplying, servicing and financing specialised commercial catering equipment throughout the UK. We are strategically placed to grow both internally and by acquisition within a solid expanding industry and from our own secure financial base.

If you believe you have the qualities to fulfil this role please write in confidence enclosing full personal and career details including your current job responsibilities and level of remuneration to: **M. Chanarin, Managing Director, Eurolectrics Limited, International House, 67 Lancaster Road, New Barnet, Herts EN4 8AS Telephone: 01-441 4000**

Financial Controller

LLOYD'S INSURANCE MARKET

S. Home Counties **£25-30,000 + Car**

This is a new position reflecting the success of a progressive underwriting agency. It will appeal to qualified accountants seeking greater management responsibility and the opportunity to directly influence business decisions.

Applicants, preferably Chartered aged 27-32, will currently be working within the market or a Lloyd's panel audit firm. Reporting to the Finance and Administration Manager, the successful candidate will control a staff of 8 in the Accounts Department. Motivation and communication skills must be backed by the ability to improve information systems through the extension of P.C. applications.

Career prospects are clearly defined and the usual attractive benefits are offered. Salary is negotiable, dependent upon experience, within the competitive range indicated.

Interested applicants (male or female) should send a detailed CV or request an application form on 01 499 0321 quoting reference 1234/FT.

Wickland Westcott & Partners
LONDON · PARIS · BRUSSELS · DUBLIN
Executive Selection/Management Development
Springfield House, Water Lane, Wilmslow, Cheshire SK9 5QS.
Telephone: (0625) 532446.

YOUNG QUALIFIED ACCOUNTANT

Fluor Daniel Limited is an engineering contractor in the petrochemical industry with offices and projects worldwide.

An opportunity has arisen within our Accounts Department for a Young Qualified Accountant (preferably ACA) to assume responsibility for the work of the General Accountancy Group. This demanding and interesting position includes the preparation of reports to our U.S. parent company, statutory reports and taxation.

Suitable candidates for this senior position are likely to be in the age range 26–30 will be seeking to embark on a responsible and challenging career within industry.

Interested applicants should forward a detailed C.V. to Mr M. Singh, Personnel Department, Fluor Daniel Limited, Broadway Buildings, 50/64 Broadway, Westminster, London SW1H 0DB. Telephone: 01-222 7717 Extn: 3283

NO AGENCIES

FLUOR DANIEL

Accounting for Investment

London W1 **c£22,500**

A major British group employing nearly 35,000 people and with a pension fund valued at over £900m offers an unusual role to an accountant to join its investment management team.

Key responsibilities will include • the preparation of performance and liquidity reports • provision of regular management information • the development of computerisation of accounting systems • compliance and control of Banking and settlement of investment transactions.

Ideally aged under 35, and qualified you should have experience of working within an investment environment. The further career opportunities in the group are outstanding but the initial role of working closely with the Investment Managers will be stimulating and challenging.

Please write enclosing a career/salary history and daytime number to John P Sleigh FCCA quoting ref. J/588/AF.

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

INTERNATIONAL AUDITOR

£Neg **Extensive travel**

We are a Dallas-based corporation with worldwide activities, predominantly in the energy engineering and construction industries.

A first class career opportunity has arisen within our International Audit Department based in prestigious offices in St. James's Square, SW1. The team has responsibility for all locations outside the U.S.A. which currently include Europe, Asia, Middle East, South America and Africa.

We require a graduate Chartered or Certified Accountant, aged 25-30, with German language skills.

The successful candidate will spend approximately 50% of his/her time overseas and therefore great emphasis is placed on personal qualities. Applicants must be results-orientated with a thoroughly investigative approach and have first class oral and written communication skills.

If you can meet this exciting challenge in the first instance please send a comprehensive C.V. that includes current salary to:
Peter Stoner, Chestergate House, 253 Vauxhall Bridge Road, London SW1.

ENSERCH
INTERNATIONAL AUDIT

FINANCIAL ANALYST, £20,000 + Car! 2 years post quals exp! Pref. Audit background! 25 days hols! Subsidised canteen! Non-Cont. Pension! Call Now: HMS Rec. Cons 01-638 2683.

COMPANY ACCT, £18,000 + Car! Essex based Shipping Co! Excellent opportunity for prospects! Full control of Accounts function! Call now: HMS Rec Cons 01-638 2683.

MANAGEMENT ACCT, £22,000 + Golf GTi! Publishing! Experience advantageous! Fully qualified ACCA or ICMA! Full control of Dept! 5 weeks hols! Cont Pension! PPP! Excellent prospects! Call NOW! HMS Rec Cons 01-638 2683

Financial Controller.

HIGH-TECH MULTIPLE RETAIL AND COMPUTER SALES

Shadow UK own the Tecno and Fox Talbot camera/video stores (No.1 Nikon/Hasselblad dealers). Also Morse Computers, selling IBM and Compaq to corporates. Our Financial Controller will be graduate ACA/FCA, 27-35, business oriented, achievement driven, capable of growing with the company. New, spacious offices near Heathrow. Write to J. Britten, Director, Shadow UK, Hampton Farm Ind Est, Feltham, Middx.

FINANCE DIRECTOR DESIGNATE

North West **c £25,000 + Bonus + Share Option + Car**

This is one of the most exciting opportunities for a high-calibre Accountant to arise in the North West for some time. It is with a successful and expanding high-tech PLC; one of the world's top 2 or 3 in its field, and a world beater in a number of product development areas. It is within this environment that the company is looking for an exceptionally talented accountant.

The main pre-requisites are:

- **a track record of outstanding achievement**
- **experience of sophisticated business control systems**
- **exposure to demanding commercial performance criteria**
- **a positive and articulate work style.**

You will be a qualified accountant, preferably in your 30s, with your sights set high; you will be looking specifically for an opportunity providing growth and advancement beyond the entry level of responsibility.

This company will make full use of your exceptional skills. They undertake research and manufacture in the UK, while exporting the overwhelming majority of their £25m output not only to Europe and North America but also worldwide. Consequently, international liaison and negotiation will be significant features of your work. You will control some dozen staff in three separate divisions, and hold responsibility for financial reporting and analysis, budgeting, strategic financial planning, computerisation, tax planning and cash/currency management for all these business units.

You will operate as a key member of the executive team that manages the UK operations, as well as having an important advisory role in the development of the overseas activities.

Change will happen fast and you will need to be flexible and innovative, as well as determined, in pursuing your personal and functional goals. The prospects are enormous – with rewards to match.

Relocation expenses will be paid where necessary.

If you are attracted by this challenge, and feel you have the experience and ambition to accept it, please contact Lawrence Barnett or Dudley Harrop at our Manchester office, quoting ref.M714.

Trident House,
31-33 Dale Street,
Liverpool L2 2HF
Tel: 051-236 9373

ASB RECRUITMENT LTD.

Eagle Buildings,
64 Cross Street,
Manchester M2 4JQ
Tel: 061-834 0618

International Appointments

YOUNG ACCOUNTANT - SOUTH AMERICA

HCI is a privately owned group of companies operating throughout South, Central and North America in the trading, shipping, storage and distribution of industrial chemicals with a turnover in excess of US$200 million p.a.

We are looking for a young qualified accountant who will initially be based in Bogota, Colombia for between 1-2 years as No. 2 to the financial manager of one of our important subsidiaries. During this period he will be given complete exposure to the operating practices of our group as it is intended that after the familiarisation period he will be able to assume a similar position in another of our companies which may be situated in any of the countries in which we operate throughout South America.

Candidates must have an internationally recognised accounting qualification. A knowledge of Spanish is not essential as the candidate will have ample opportunity to learn the language in Colombia.

This is intended to be a career expatriate position and benefits will include a salary that will enable a high standard of living in Colombia, house, car, school fees, annual vacation allowance together with fares to the UK, and an annual bonus together with possible equity participation. CV's together with a handwritten letter including a daytime telephone number should be sent to:

Corporate Controller
Holland Chemical International (Services) B.V.
P.O. Box 12910
1100 AX Amsterdam
The Netherlands

MONACO

Finance Manager

Rapidly expanding International Management Services Group urgently requires a newly qualified C.A. A strong background in Accounting and Auditing is essential and whilst familiarity with micros is preferable, French is not necessary.

Please reply to :

Nasim Hamani, c/o E.M.L.,
Handel's House, 1st Floor
25 Brook Street, London W1
Tel : 01-493 4055

★NEW YORK★

TAKE YOUR CAREER TO THE U.S.A.

ASA International has been exclusively retained to recruit young ACA's for the New York based Corporate Headquarters of a major U.S. Financial Institution. The posts within the MIS department offer longterm career opportunities both in the U.S.A and the U.K. and with a network of 140 offices worldwide, prospects for advancement are excellent.

Initial interviews will be conducted in various locations throughout the U.K. and Ireland during August and final interviews will be held with the client in London in early September.

For further information, contact David Frusher on 01-353 1244 (01-998 5446 evenings and weekends) or write to our London office at: LUDGATE HOUSE, 107-111 FLEET STREET, LONDON EC4A 2AB

ASA International

MANAGEMENT: Marketing and Advertising

Pandering to a tougher and shrewder bunch

Feona McEwan reports on the challenge of marketing to children

CHILDREN ARE a big business —which is rapidly getting bigger. Not only is their own spending power increasing, but, more significantly perhaps, so is the influence they exert on how the family budget is spent.

But getting it right in the fickle market for under 12 year olds, where fads and fashions can change on a whim, is one of the hardest tasks advertisers face. And in the UK, unlike the US where they have more or less free rein, advertisers of products aimed at children have to live with the constraints laid down by the Independent Broadcasting Authority.

For all the concern over whether advertising manipulates young minds, marketers who study those minds will tell you that they are a tougher, shrewder bunch of consumers than they are generally given credit for.

When Sugar Puffs cereal introduced its Honey Monster in the mid-1970s Muppet mania was at a peak, and the bear's benign grotesqueness gladdened the eye of many a five-year-old—its target market.

Come the push-button, technology-driven 1980s, however, sentiment for the cosy bear evaporated in the wake of the tough heroes kids were being weaned on, such as those in Star Wars and Indiana Jones. Advertising agency Boase Massimi Pollitt sensed a loss of credibility and recommended drastic action—kill off the monster. The client couldn't face it and has just moved the account elsewhere.

Weetabix, the lozenge-shaped cereal, was once epitomised by a gang of boisterous little bovver boys, all hoof and fist, but their over-enthusiastic antics began to alienate mums at a time when hooliganism was making headlines. The lads were duly toned down in a move which some observers believe also watered down the punch of the commercial.

"Kids are perfectly capable of evaluating advertising . . . as young as four years old they know the difference between programmes and advertising," says Claire Byrne of the Children's Research Unit, a market research company specialising in children.

They certainly get enough practice. According to a new lifestyle study from the Grey ad agency, which handles the account for Ribena, the blackcurrant drink, the average school age child watches 1,090 hours of television a year compared with 1,200 hours spent in the classroom.

"The more television they watch, the more skill they have in decoding it," says Judie Lannon, creative research unit director at J. Walter Thompson, which handles Smarties. "Kids are much better protected; they learn quickly what advertising is, and look at it for what they want to know . . . The worst thing you can do is insult them."

Scott Sherrard, Grey's director of planning, observes that youngsters quickly reject bad advertising that doesn't relate to them, spurning the product at the same time. "It's our biggest problem; because we have a very smart audience we must have very smart advertising."

A benchmark national survey on children's attitudes to advertising showed them to be fairly clued up. To the questions—can advertising give you useful information and is it fun to watch?—83 per cent agreed that it could. Fifty-five per cent thought advertisements for smoking and drinking should be banned and when asked whether they thought advertising made people buy what they didn't need, 64 per cent thought it did not.

Are we then breeding a nation of mini-consumers? Sherrard believes so. Social changes —smaller families, divorced families (both of which give the child a stronger voice in the home), and television—are contributory factors.

Kids' Lib, it's called. The conservatism of today's youngsters is a rebelliousness of sorts against the laissez faire attitude of their parents (who were products of the liberal 1960s), suggests Sherrard.

As a result, though not privy to the family purse, youngsters have an increasing influence on choice of family consumption — from its car, to its holiday and its food — a fact that has not escaped marketers' notice.

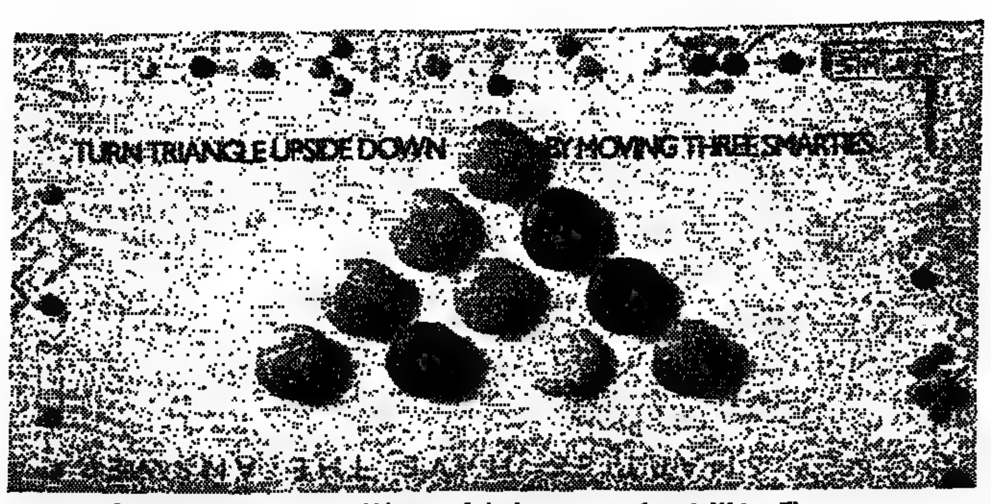
In responding to commercials, then, the under-12s are a receptive audience. After two showings of a commercial destined to become a favourite, they can parrot back the song word-perfect. With their sophisticated understanding of film and technique, they are quick to spot the second rate. Give the wrong clues—an outdated badge, the wrong music or clothing—and you've lost them.

Of course, with the under-12s, it isn't just the kids the advertisers are aiming at. They might influence the purchase but it's mum who usually pays for it. This means ads have to appeal to three audiences, says Sherrard. The child, the mother (reassure her you're not manipulating her child), and then the mother again through her child's response to the ad. "This makes it harder," says Sherrard. "If we didn't have to worry about the mother we could be far more sophisticated with the eight and nine year olds."

If this is the case, then it is the adults who are the dimwits. Certainly getting inside the mind of a child is something not every creative talent can do.

Virginia Creer, deputy director of planning at agency Davidson Pearce, which handles the best-selling My Little Pony toy, underlines this. "Children live with ambiguity very easily. Where an adult will try to work out whether the Pony is a doll or a pony, children don't need to."

Similarly, in the commercial for the Nesquik instant drink, a bunny which is meant to be invisible except to kids baffles grown-ups. "One colleague had great trouble with this until he took it home to his kids, and they got it immediately," says Erica Town, marketing manager of Libby's juices and drinks' part of Nestlé.



Smart advertising for smart kids: one of the latest posters from J. Walter Thompson

Not everyone can get inside a child's head, says Creer. "Take little girls, if you watch them playing they are all the sort of things that an average cynical creative team would not warm to — pink, soft, sentimental. You have to look at a toy that looks frightful to the adult eye and relax into the child's world."

Get the advertising right, however, and the rewards are substantial, as Umbongo, a mixed juice drink for six to 10 year olds' has found out.

Once its manufacturer, Nestle, had identified the gap in the children's drinks market it wished to fill, it isolated what other things were attractive to children. "Violence, fast action, animals (Disney-type subjects), and to giggle a lot," says Town. Enter Umbongo — a name chosen after sifting through literature from the Centre for African Studies to check there were no unfortunate hidden meanings — with its kaleidoscope jungle of cartoon animals, tribal beat and catchy lyrics. The packaging aped the commercial. And the children loved it.

Despite complaints—Lambeth Council "got funny," says Town, and a few adults complained about potential racial overtones of the gorilla's hand seen picking up the drink at the end—Umbongo now claims a consistent 1 per cent of the juice market worth a total of £85m.

The success of the brand is largely a matter of packaging and advertising, says Nestle. Perversely, some regular drinkers admit to not particularly liking its taste, but they go for the aura, says Town, adding that some mums drink it themselves with a tot of gin.

One product that has got its advertising more right than most is Milky Bar. The skinny blond lad with the National Health Service specs has been running for 25 years and the current kid is number six.

The latest campaign steers a course between its three main audiences. The core consumers, the under-fours, their mums and their older siblings. For toddlers, there's the baddy,

lots of colour and plenty of movement. For mums, there's the heritage factor, the moral of good conquering evil, and for older children the heroics of the kid who vanquishes the evil force (no sauntering through a door here, he leaps over a balustrade).

Children's advertising in the UK is heavily policed; strict guidelines are constantly under review by the Independent Broadcasting Authority. At the end of last year, discussions were held with manufacturers and the advertising industry about the need to avoid fantasy situations and not to overemphasise the emotional appeal to children detected in some American advertising. The IBA reports very few complaints on the issue of TV advertising to children.

Last year, the IBA leant on TV-am, the breakfast station with the strong mum-and-young kids audience, to reduce its commercial airtime aimed at children. Originally standing at 20 per cent, the figure has dropped to 17.5 per cent and is expected to reach 15 per cent next year.

The possibility of a manufacturer producing a programme, launching a product and advertising it in one co-ordinated effort, as happens in the US, is barred in the UK. "It's brilliant marketing," says one British marketer wistfully. "... a 30-minute commercial," though parents are doubtless thankful for such mercies.

Hornby's soft toy called Pound Puppies came up against the emotional blackmail issue when it started to advertise in the UK. Its counterpart in the US urged kids to adopt-a-puppy and so rescue him from the pound where he was alone (like the Cabbage Patch doll). Such a tack would not have been allowed in the UK, so the British marketers instead played on the puppies' soft toy appeal.

"The response," says Karen Shillcock of TMD, which handles the media buying for Hornby, "has been very good indeed. Kids have gone into shops asking for 'that dog in the commercial'."

But lest the picture of today's hard-to-please mini-consumer sounds more monster than darling, grown-ups might like to hark to the words of Scott Sherrard. When seven to 10-year-olds are asked what their favourite games are they reply, in order: fighting, chasing and hide and seek (that is the boys), and hide and seek, chasing and mumies and daddies (the girls). What has changed?

Leisure spending

Sportswear: more of a fashion race

BY DAVID CHURCHILL

MARKS AND SPENCER, Britain's biggest retailer, has learned the hard way that some leisure markets can be more fickle than others.

Last Spring, M and S launched in seven of its stores an experimental range of sports equipment—ranging from golf clubs to skipping ropes—to add to its more traditional items of woolly jumpers and chicken kiev.

The logic behind the move was impeccable: consumers have an increasing amount of leisure time and the trend towards more healthy lifestyles led M and S to assume that they would spend more time playing sports.

But M and S, like other companies eyeing the leisure market, found that consumers do not always do what is expected of them.

Sales of what M and S calls "professional items," such as golf clubs and tennis racquets, have been considerably less buoyant this summer than those for personal fitness items such as dumb-bells and skipping ropes.

M and S's actual experience at the sharp end of marketing (it prefers to test trial new markets in a few stores rather than rely on less quantifiable marketing data) confirms what the findings of two recent research studies into the sports market have suggested—that the sports boom of the 1980s is less to do with people actually playing sports but more to do with individuals improving their fitness through swimming, jogging, and other forms of aerobic exercise.

"Contrary to popular opinion there has been no overall boom in sports participation—which is still very much a minority activity—but instead there has been a shift away from team sports towards more individual fitness-oriented activities such as keep fit and swimming," argues the Economist Intelligence Unit, which has recently published a series of reports into the sports markets.

Another research report — from Key Note Publications — also acknowledges this shift from team to individual sporting pursuits. Moreover, it adds that these individual sports are often those — such as jogging —which require little or no equipment.

Sales of sports equipment, in fact, only account for about a quarter of the total sports market, estimated by the EIU to be worth just over £1bn a year at retail prices. "The sports market now has more to do with clothing and footwear than with the actual sports equipment," point out the EIU researchers.

Sales of sports clothing and footwear rose by 164 per cent between 1979 and 1985 at a time when the total clothing market declined by 3 per cent. The Henley Centre for Forecasting, moreover, predicts that sales of sportswear will double again by the end of the decade.

Yet much of the buoyancy in sportswear sales has little to do with sport. Instead, it has been the growth of the leisurewear market in the 1980s that has enabled such items as tracksuits and trainers to become adopted as casual clothes. Some six out of 10 purchases of sports shoes, for example, are for everyday rather than sporting use.

The EIU researchers suggest that this trend could be further exploited by more unambiguous linking of sportswear to fashion: "evening" sports clothes, for example, or sportswear in the latest fashion shades.

The EIU sees considerable scope for expansion in the sports footwear market, especially for women; this is an area which suppliers — mainly from the Far East—are already targeting.

Both reports are generally optimistic about the future for sports markets—even if they are linked more to fashion than to health. The EIU researchers point out, for example, that the total sports market—equipment and clothing combined—is still relatively small. Britons spend twice as much on confectionery and seven times as much on beer.

Retail Business Market Reports 345-351: Economist Intelligence Unit; 40 Duke Street, London W1; £35 each.

UK Sports Market: Key Note Publications, 28-42 Banner Street, London, EC1, £225.

TECHNOLOGY

Drugs production down on the farm

Peter Marsh reports on a project which could lead to farmers having a new outlet—the pharmaceuticals industry

DAIRY FARMERS could soon have a new source of revenue unconnected with food production. Their milking sheds could be transformed into factories for turning out valuable drugs for the treatment of conditions like haemophilia and heart disease.

The possibility stems from developments in biotechnology: scientists tinker with the genetic make-up of animals so that they produce drugs with their milk. By the 1990s, it is estimated that pharmaceuticals from this source could be worth at least $100m (£63m) a year.

The drugs would be naturally occurring proteins, such as the blood-clotting agents Factor 8 and Factor 9, which are needed to combat haemophilia, and tissue plasminogen activator (TPA), which could be used to treat heart attacks.

Such materials are produced naturally in the body, but in tiny quantities, making collection difficult. Using genetic engineering techniques, scientists think they may be able to trick animals' metabolic machinery into turning out the chemicals in much bigger volumes.

Over the next few months, eight sheep on a farm in Roslyn, near Edinburgh, will be involved in tests to gauge whether the theories will yield commercial rewards. They are just like any other sheep, except that each contains a foreign gene intended to stimulate the production of Factor 9 in their milk.

Scientists at the farm, which is at the Agricultural and Food Research Council's physiology and genetics research station, will test the milk to determine the concentrations of the chemical. To exploit the gene-swapping ideas, the station has set up a company called Pharmaceutical Proteins, backers of which include the Prudential insurance company and the Scottish Development Agency.

Graham Turnbull, Pharmaceutical Proteins' managing director, expects it to be turning out Factor 9 on a commercial basis within three years. At present, Factor 9, like Factor 8, is produced by separating the constituents of blood in a laborious and expensive process. The world requirement is a few hundred grams a year, worth about $20m.

Similar techniques could, says Turnbull, be applied to the production of about 35 other materials equally useful in medicine and where sales potential may be higher. One candidate is Factor 8, which is required by haemophiliacs in larger quantities, annual world sales are put at $250m. Another product which could be made in this way is alpha-1-antitrypsin, which could be used to treat lung disorders.

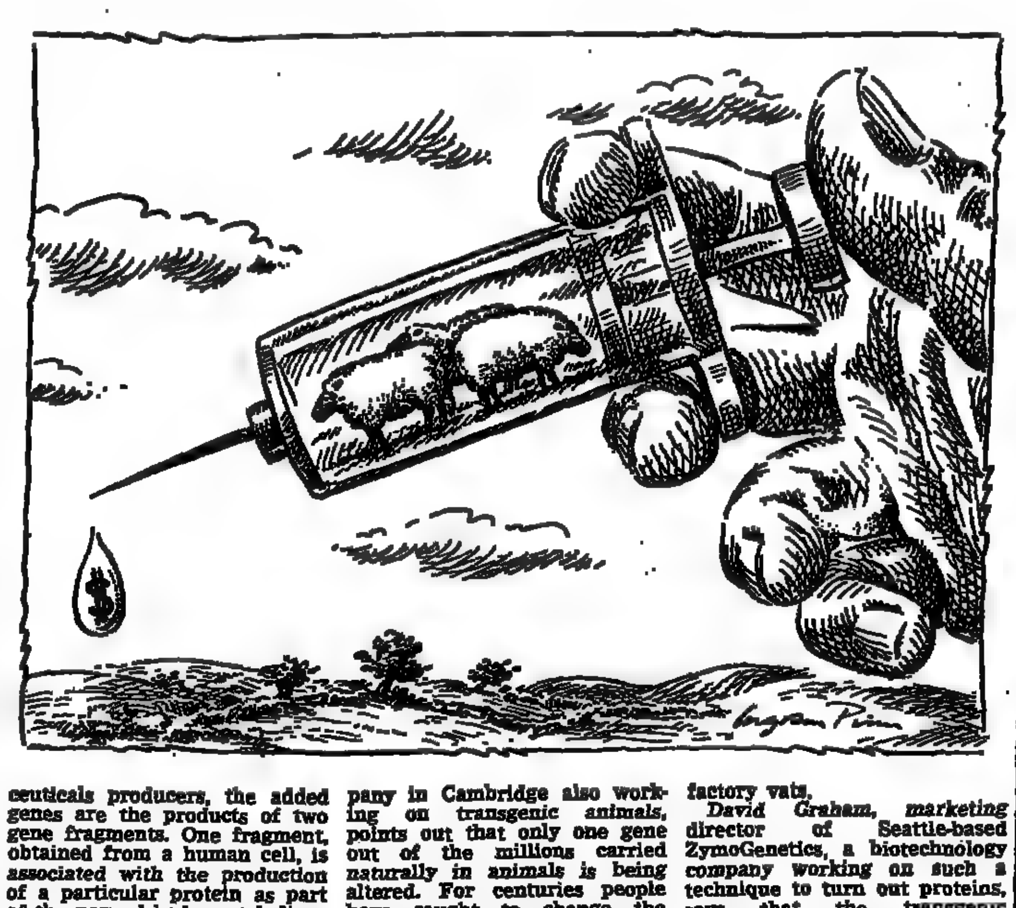
Integrated Genetics, based in Framingham, Massachusetts, is working in a similar field. The company has experimented with inserting foreign genes into mice, so that they produce TPA in their milk. This chemical occurs naturally in blood, but in such low concentrations that it is not economic to collect in quantity. Researchers at Integrated Genetics are trying to extend their work to cows and goats, which are somewhat easier to milk than mice.

TPA dissolves blood clots. Scientists believe that large quantities of the chemical could clear blocked arteries in a matter of minutes, so producing a useful drug for heart-attack victims. The potential world market for TPA is 25-50 kg a year, adding up to annual sales of about $1bn, according to Alan Smith, Integrated Genetics' scientific director.

Smith says that animal gene-swapping offers enormous potential for drugs production. One of the advantages is that once a drugs-producing herd of animals is in existence, their offspring have the same genetic traits and so the source becomes self-perpetuating. "The cost of producing the materials would become trivial," says Smith.

Animals with foreign genes are called "transgenic." Most work on such creatures has attempted to add extra genes, which are basic units of the genetic code carried in every biological cell, in order to make the animals grow faster, to boost meat production or increase resistance to disease.

In transgenic animals which are intended to be pharmaceuticals producers, the added genes are the products of two gene fragments. One fragment, obtained from a human cell, is associated with the production of a particular protein as part of the normal body metabolism. The second fragment, derived from the animal species concerned, causes the protein to be expressed in a specific way, normally in this type of transgenic animal by the mammary glands.



The complete gene is added to the eggs of an animal while they are in its ovaries. Offspring of the creature then have a newly programmed gene structure.

To anyone who finds such work macabre, Christopher Polge, scientific director of Animal Biotechnology, a company in Cambridge also working on transgenic animals, points out that only one gene out of the millions carried naturally in animals is being altered. For centuries people have sought to change the genetic make-up of animals through breeding programmes and work in transgenic procedures is attempting to do much the same, but in a speedier and more precise manner, he says.

While work on transgenic animals is in its infancy, other genetic engineering techniques, for producing proteins such as TPA and blood-clotting agents, are more advanced. These methods rely on researchers stimulating the production by adding gene fragments to "soups" of mammalian cells in factory vats.

David Graham, marketing director of Seattle-based ZymoGenetics, a biotechnology company working on such a technique to turn out proteins, says that the transgenic method is certainly feasible but that the rival procedures are much nearer the market place.

Many other companies, among them Genentech, Chiron and Genetics Institute, all of the US, are working on such methods. Where the transgenic work may score, however, is that keeping a herd of animals as drugs producers promises to be a lot cheaper than setting up and running the alternative systems, where the cells have to be kept alive outside the animal body.

Less size but more muscle

BY ALAN CANE

NORSK DATA, a Norwegian mini-computer company which has maintained impressive growth through innovative technology and first-rate marketing, last week announced a new range of high performance superminicomputers.

The ND-5000 Compact series comprises five machines each able to process information 32 binary digits (bits) at a time, similar to mainframe computers. According to Norsk Data, this provides an unprecedented level of performance in machines small enough—69 cms high—to be installed under a desk. Prices start at £36,000 for the ND-5200.

From a small base of customers in Norway, the company has succeeded in establishing itself as a significant player in the world minicomputer marketplace. Its approach has, in some ways, been similar to that of Digital Equipment, the world's second largest minicomputer manufacturer.

It builds advanced systems based on a technology known as gate-array CMOS, which gives high processing speeds with a small power requirement, creating fewer heat dissipation problems. Now its competitors are beginning to see the advantage of this technology over a faster, but power-hungry technology called emitter-coupled logic (ECL). Norsk Data says it rejected ECL because of its high power consumption, heat dissipation problems and lack of potential for future development.

Where Norsk Data and Digital Equipment are similar, however, is in their belief that every model in their product ranges should be able to communicate easily with any other model. The new systems support the international software standards Unix, Open Systems Interconnect and X-25.

Rolf Skar, Norsk Data president, said last week: "The models announced today enable us to offer the most comprehensive product line from any manufacturer in the minicomputer industry. These products represent a major extension of our 32-bit range and place Norsk Data in a position of strength from which we can sustain growth in the future."

The new models will feature Norsk Data's version of fault tolerance, a system's capability to continue processing despite hardware or software faults. The Norsk Data approach is described as "high availability," rather than the more costly "non-stop" approach where every functional part of the system is duplicated. Using master and slave processors with duplicated memory systems, availability approaches 100 per cent.

When to call a robot SIR

BY GEOFFREY CHARLISH

IN THE not too distant future, late workers at the office, on their way to the front entrance, might well encounter SIR, who will turn from his task of checking door locks and fire alarms, bring a TV eye to bear and flash a picture to the security office.

SIR, or Sandia Interior Robot, is only 21 in tall and weighs a mere 45 lb. But with 30 sonar sensors looking in all directions, this wheeled robot can glide down the corridor at two miles an hour and navigate according to programs and maps held in a remote computer and connected to SIR's on-board processor via a radio link. The same link sends television pictures back to base.

Complex software deals with path planning and execution, obstacle avoidance and position estimation. SIR can operate on its own according to the programming, or can be operated manually from the control room. High level software allows plain English instructions like "go to room 21" to be carried out.

The secret lies in the navigational software developed at Sandia National Laboratories in Albuquerque, New Mexico, in the US. Mr J. Harrington, a member of the design team, says: "We developed algorithms which, in effect, free the robot to roam about a building and perform some relatively complex tasks after we give it a single initial command."

SIR will even back on to wall-mounted battery charging contacts at the end of a shift. But he remains in the research mode for the time being and there are no plans to manufacture yet.

A programme for high standards

WORRIES ARE increasing in the computer industry both about the cost of developing software and about whether systems which affect human safety are up to a high enough standard. This has prompted much of the new attention being paid to software engineering.

No matter how advanced the methods of computer programming, they will not yield software of the highest quality unless the basic rules of quality assurance management are observed. Failure to do so has been the principal cause of problems with software development since the first computer program was written.

According to Michael Rathbone, of the Admiral Computing Group, there are seven of these rules, none of them are revolutionary and all have been applied successfully in other industries over the years.

"The fact that they have not been applied universally across the software industry can mainly be attributed to the hardware and systems industry, which for many years regarded software as something of an art and outside the normal means of control and good management practice," he writes in a new report.*

His principles are:

- Commitment of management.
- A comprehensive set of standards, methods and tools.
- Independence of the quality assurance organisation
- Quality assurance involvement for the total project lifecycle
- A defined level of quality across the company
- Defined quality requirement for each project
- Continuous monitoring and review of the quality system

Writing in the same volume, Patrick Hall of Brunel University, formerly software engineering manager with Genrad Fareham, suggests that some of the difficulties leading to poor software development can be avoided by providing the programmer with more computer assistance.

It is surprising, he says, how common it is still for software specialists to share terminals. "Today this is just not good enough. A terminal per person at their desk has to be considered a minimum. Behind this terminal should be a reasonable amount of computer power."

And he also maintains that companies that take their software development seriously should go further. Software specialists have to work on several different fronts simultaneously: "What is really needed is several terminals per engineer." By that he means real terminals, or terminals which allow several individual "windows" of activity to be displayed.

In describing the hardware and software assistance he believes should be available to the software specialist, he notes: "Capital investment per engineer on hardware and software will be considerably larger than has been common up to now—perhaps as much as half the annual salary and related costs per engineer.

"The payback from this investment would come from the greater productivity of the engineer and the greater predictability of the outcome of a development project. This, in turn, would be reflected in enhanced quality and in a consistent level of quality," Hall says.

**Software Quality Assurance, Reliability and Testing, Chris Summers (ed) £50.00, The Technical Press, 0252 331551.*

Alan Cane

THE ARTS

Westminster Abbey/Roy Strong

Celebration of death is back in fashion

The study of the accoutrements of death has drifted back into fashion. *Country Life*, I was always led to understand, used to have an unwritten law that articles on cemeteries were taboo, but that, under the impact of the conservationists, went a decade or more ago. Indeed cemeteries, such as the one at Highgate, even boast official bodies of friends these days. And research on the Victorian apotheosis of death and mourning has become something of a minor academic industry.

Death, as it was known to the past, was conceived as a vehicle whereby the upper classes reasserted their superiority by a massive visible demonstration of their wealth and power in the form of huge cortèges, the proliferation of heraldry, elaborate catafalques and splendid tombs. But nowhere was this better manifested than in the royal family whose obsequies were those of a nation, of which we are still aware to this day in the revived pageantry of monarchy created in the Edwardian era. I can still remember the enormous impact of the funeral of King George VI with its unforgettable pictures of three queens in mourning.

A history of the royal funeral based on documentary sources remains to be written, but the handsome reinstallation of the effigies carried in them during the medieval and renaissance periods in the Undercroft Museum in Westminster Abbey is a timely reminder of its importance.

As far as I know the royal funeral effigy in England never attained the importance which it did in France where, by the middle of the sixteenth century under the impact of the study of Roman imperial funerals, the effigy "became" the dead ruler. Life actually went on around that figure to which whole meals were ritually served. Maybe if England had gone the way of absolutist France, this might have happened here if the sadly unexhibited jointed effigy of James I is anything to go by. That was made so that the figure could be placed in "severall postures" as life, we are told, "contynewed in all points as if his Majestie had been lyvinge".

This would indicate an imitation of French royal funeral rites of a kind unknown at the obsequies of Elizabeth Tudor. James I's funeral was further innovatory for the catafalque designed by Inigo Jones with statues of the virtues, a format which owed much to Medici funerary spectacle as it had evolved under the Grand Dukes.

All of this teemed through my mind as I looked at these astounding, often touching and sometimes beautiful portrait heads. The medieval ones are unique in western Europe. Edward III with his mouth and left cheek affected by a stroke, the frail, long, face of Richard II's first queen, Anne of Bohemia, the once crowned head of Henry V's consort, Catherine de Valois, with its flicker of a smile. These all belong to a period when, although artificial hair was applied to the eyebrows and the head, the body below remained of carved wood.

With the Tudor period the recumbent wooden image was to become a doll dressed in clothes by the royal tailor. Elizabeth of York was attired in robes of state, clasping in one hand the sceptre, her fingers encrusted with jewelled rings. The left arm and hand actually survives, the latter carved with a delicacy missing in the interpretation of the head.

One is struck by the vivid truthfulness of the portraiture based as it almost invariably was on a deathmask. Here is Anne of Denmark, no beauty, with a beak nose and a pimple on her left cheek, the image continuing down to include both breasts, nipples and all. The Queen died in 1619, the scooped out deeply décolleté neckline being the height of fashion. At the back the neck has been cut into to support a characteristic fan-shaped ruff. Poor Anne had died when the crown was bankrupt and she remained unburied for two and a half months while cash was raised for a spectacle, the procession of which was castigated as being "a drawing tedious sight" and whose only redeeming feature was Inigo Jones's catafalque which was "the fairest and stateliest . . . ever seen."

These then are the great treasures, frail survivors that were to become part of what became known as "the ragged regiment," a side show for tourists to the Abbey, access to which came through tipping the gentlemen of the choir. The royal funeral was never the same after the Restoration when the imperial crown placed on a cushion on top of the coffin replaced the recumbent figure.

Henry VII

What the Abbey then assembled was a forerunner of Madame Tussaud's, wax effigies which were commissioned and made to be upright. Charles II's was executed soon after his death and so was Queen Anne's, but William and Mary's did not arrive until 1724. Of the four Anne is by far the crudest, William and Mary competent and Charles quite the most outstanding, the man to the life with his saturnine lined face, sensuous lips and huge spaniel eyes, jaunty in a marvellous set of Garter robes.

There seems to have been a slight vogue for funeral effigies for the nobility during this period, a fad which arguably gives us some of the most hypnotic figures. They are such for their utter completeness, every item of dress being there. Whereas the early royal effigies are fragments, in these cases we have everything; the Duchess of Richmond, for instance, in her coronation robes, cascades of silver lace, a fontage headdress piled high on her head beset with jewels and with the tiniest of coronets tucked behind. By then the use of wax for the face, arms and hands give the portraits an erie, surreal quality. There is something macabre about the Duchess of Buckingham and her two children, the young Duke, who died aged nineteen, like some ghastly prop from a Hammer film. He is glimpsed lying in a crystal cabinet more like some embalmed saint from a baroque Italian altar-tomb than an eighteenth century aristocrat.

The new display is rounded out by other material but the effigies remain at its heart. They have always struck me as so utterly unique and so under-appreciated. This reinstallation, done with great taste and sensitivity, will, I hope, lift their status and gain them the recognition they so richly deserve by scholars and public alike.

Michael Kohlhaas/Lyceum, Edinburgh

Martin Hoyle

The glum realisation that James Saunders's version of Kleist's original history play lends itself to what Polonius might call the Brechtical-epical style (paradoxically, more so than the Berliner Ensemble's production of *Troilus* a couple of hundred yards away) is countered by the tight narrative, the swift, no-nonsense story-telling and the vitality of the Cameri Theatre of Tel Aviv at the Lyceum.

Rivka Meshulach's Hebrew translation is padded with songs from a wide range of German sources from Luther to Heine; but far from holding up the action, Dan Handelsman's music adds impetus to the unfolding story, ominous melodies commenting on this late Renaissance dance of death.

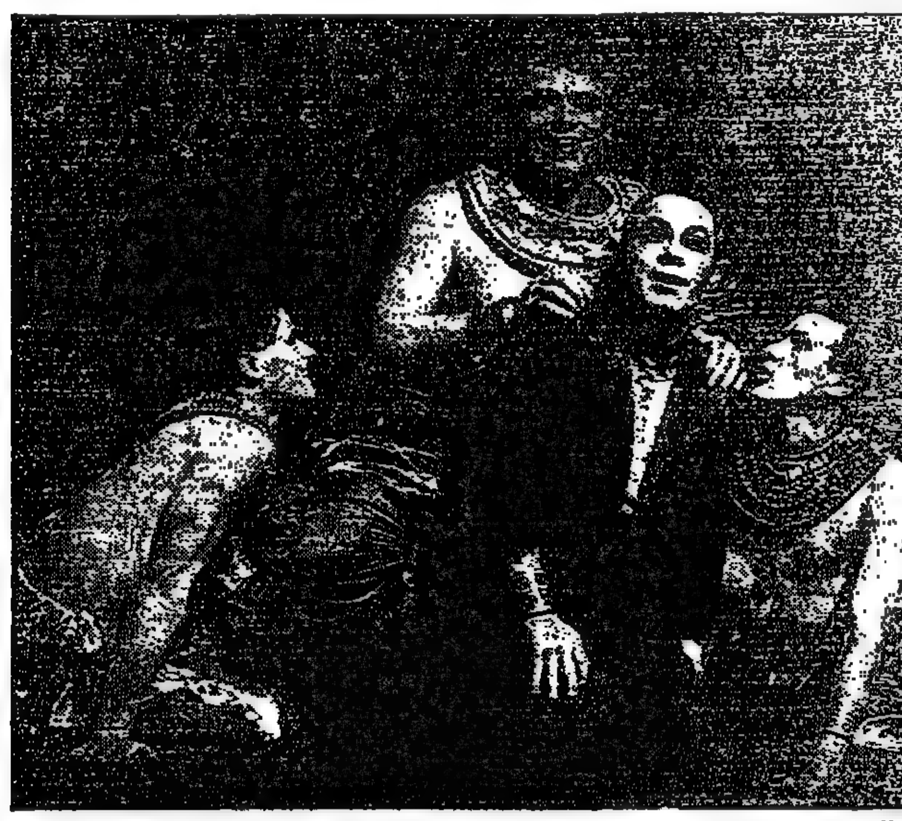
The story is fascinating Kohlhass, a horse-dealer in electoral Saxony, is swindled by the local Junker. His quest for justice becomes an obsession as he desperately beats against the ramparts of bureaucracy, corruption and nepotism of the 16th century establishment. (Hamlet would recognise the laws delays and contumely of practically everyone as here depicted.) He turns into one of those half-crazed mystics like the Anabaptist John of Leyden, and leads an army of peasants who burn and kill their way across Saxony in pursuit of the wretched Junker, by now a terrified fugitive.

Luther, as so often, sides with the powers that be. Legal bargains are struck. Kohlhaas is tricked; but before his execution he has the satisfaction of seeing his demands met. His two black horses, pilfered by the squire, are fattened to their original state. The Junker is jailed. The value of stolen clothes, horse-blanket and small amount of money lost is reimbursed. The point has been made, whatever the cost in bloodshed and anarchy.

Ilan Ronen's production makes the story no grimmer than—well, Grimm. It emerges as an exciting adventure tale with a dash of Bergman's *Seventh Seal* in its capering death-figures, sudden sharp silhouettes of the hooded reaper against a twilit horizon, the spiky branches that frame the stage picture, and the panels of Renaissance woodcuts flown in as scenery.

But the central inconsistency is never explained. Kohlhaas is initially a good-natured *Burger*, bending over backwards to be reasonable before reluctantly taking legal action. Joseph Carmon's stocky geniality allied to a natural optimism ("justice still reigns in this country") is unbalanced by the death of wife Elizabeth, injured in her attempts to present his petition. The sudden transition to the avenging fury of the Oder simply fails to convince, though the fault may lie in the writing.

That said, the performers' vigour makes this handsome black and white spectacle consistently gripping. Comedy without caricature is provided by the Elector (Itzhak Hezkia) and his council; Sandra Sadeh is touching as Elizabeth; Rami Baruch (a Matti to some future Puntila) is all outraged loyalty as a misused servant; and Yehuda Mor even gains sympathy for the squire: "I am not exceptional. The world is full of Junkers like me, so why am I singled out?" Yossi Kantz, the sympathetic chief narrator, is outstanding, but never clears up the suspicion—just when we want to identify Kohlhaas as cross between Dreyfus and Mr Deeds going to Washington—that Luther, played by the director, may be right after all: "Your justice is a whore and her name is vengeance." The polite demonstrators outside the reading of Jim Allen's *Perdition* the night before would do well to ponder the distinction.



Alastair Muir

Centre: Gerard Murphy and Nicholas Woodeson

Madonna/Wembley Stadium

Antony Thorncroft

Ashley Ashwood

Madonna in action: the top-selling female recording artist who fulfils every fantasy

Well, can the reality match the hype? Does Madonna justify the hundreds of fine old trees that have been pulped to feed the media obsession with the 29 year old from Bay City, Michigan? In terms of showmanship there can be no doubts. For 100 minutes the prancing blonde, who manufactured herself out of driving ambition into the top selling female recording artist of the decade, fulfils every fantasy.

On the stage where earlier in the summer Bowie faltered and Phil Collins survived through grace Madonna reigned supreme. Of course there is not a second's spontaneity, a moment's danger, or a trace of humanity about the spectacle: but as a show it is a wonder.

From the moment she skips down to the front, her skimpy white body held together by the famous black basque, you know you are in the safe hands of a beautifully engineered machine. Madonna, through her costume changes, acts out the images of women. There is the tart; there is the little girl at her first party; there is the exotic Latin. Seen from the distance at Wembley it is like watching with the butler a particularly saucy Edwardian pier-end magic lantern sequence.

Her main appeal is to young girls. She proves that you can be rebellious and succeed; be promiscuous yet somehow stay a lady. It is a pity that she indulges in the cheap come ons — removing her pants and throwing them at the audience; the programmed request to the boys not to pelt her with their underwear as its too big and anyway she doesn't wear any: her composed artificiality makes it plain that no one is every going to intrude on her ego.

You hardly notice the music but without it Madonna would be a fraud. Played by seven discreet professionals, who lurk at the back of the stage, it meticulously reproduces the records and is superb. Her songs spell out her message. *Papa don't preach*, performed to screened images of the Pope and President Reagan; *Like a Virgin*, belted out with minimum subtlety; and, best of all, *Into the groove*, with the enthusiastic audience dancing along with the hopping star.

At the end of the final encore of *Holiday* Madonna leads her troupe of backing singers and dancers across the stage like children tripping through a meadow. Light and dark; innocence and sin; image and reality —Madonna manages to weave them altogether so successfully that for a time you forget that the one constant behind it all is money-making.

Hazel O'Connor to re-open London's Playhouse theatre

The Playhouse in Northumberland Avenue, London, will reopen as a venue for live theatre on October 6 with a new musical by Howard Goodall, *Girlfriends*, starring Hazel O'Connor.

The Playhouse, once described as the most comfortable theatre in London, has not hosted live shows since the early 1950s. In the intervening period the BBC has used the premises as a recording studio for such programmes as *The Goon Show*, *The Navy Lark* and *Hancock's Half Hour*.

The £2m refurbishment to premises closed since 1975 has been undertaken by property developer Robin Gonshaw with the help of a Business Expansion Scheme launched last year. Residential accommodation developed above the theatre has made possible the extensive refurbishment and renovation beneath. This work includes re-creations of the gilt, plasterwork and murals that characterised the 1906 auditorium.

The new musical is set on a British bomber command base at the height of the Second World War and concentrates on the fears and affections of the girls left behind. The show, previously seen at the Oldham Coliseum, will be directed by John Retallack, designed by William Dudley and presented by the newly formed Playhouse Productions and David Porter.

Mr Goodall's last London musical was *The Hired Man*, based on a novel by Melvyn Bragg; Playhouse Productions' last musical theatre venture was Geoff Morrow's *Spin of the Wheel* seen briefly at the Comedy Theatre earlier this year.

A Midsummer Night's Dream/Barbican

B. A. Young

What better setting for a dream than darkness? And this is where most of Bill Alexander's production of *The Dream*, newly in from Stratford, is set, after a view of Theseus's palace so that we may see the principals and know how to distinguish them under their spotlights. It is clear from this first scene that we are in for a night of rough comedy. When Egeus throws his disobedient daughter Hermia to the floor, Theseus asks him cheerily "What's the news with thee?"

The play is full of familiar jokes that, for me, never grow stale, but clearly they must be played differently when the dark deprives the players of any great degree of subtlety. Movement is emphasised as much as possible. Tall Kathryn Pogson and shorter Amanda Harris, as Helena and Hermia, wrestle like schoolboys; indeed poor Hermia spends half the evening on all fours or lying on her tummy. Lysander and Demetrius (Nathaniel Parker and Max Gold) can hardly be allowed such gross excesses, or they would be verging on GBH, but they defend themselves well enough.

Nicholas Woodeson's Puck would have been as much at home in a circus as in a wood. Both in movement and in voice he plays the part as a clown, and thereby occasionally misses the depths of the words. "Lord, what fools these mortals be!" came out as a muttered comment. Gerard Murphy looks both kingly and fairylike, as Oberon. His Titania, Frances Tomelty, is as creepy as she is beautiful, and well deserves to be landed with David Haig's Nick Bottom, even though he is still only a man with asses' ears.

Mr Haig has put as much drama as comedy in his Nick Bottom; he comes right downstage to tell us about his dream as seriously as if he were playing Pinero. He makes all he can of Pyramus; I have never seen that character take so long about dying, and the house loved it all. The rest of the hard-handed men are at ease with the long-standing jokes of their play; the novelty of bringing them all into Theseus's apartment in a black tent meant nothing to me, but no doubt Mr Alexander can explain it. When they all join in a bergamasque, they look like priests in their black jumpers and berets.

Richard Easton's Theseus is like a good-natured colonel as he presides over the wedding celebrations. I felt that Penelope Beaumont's slight, friendly Hippolyta would have to put her foot down later in the marriage. Even when she was one up with her Spartan hounds, he trumped her with his own pack, even if he could not bring in Hercules and Cadmus.

Arts Guide

August 14-20

Exhibitions

LONDON

The Tate Gallery. Turner in the new Clore Gallery: The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more ostentatious age, and the tasteful oatmeal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

Burlington House, Piccadilly: The Summer Exhibition of the Royal Academy has come round again, for the 219th time. Over 1,300 works have been chosen, nearly 300 fewer than last year, from an open submission of over 13,000 – paintings in all media, prints, drawings, sculpture and architectural design. For all its variety and quirkishness, the exhibition is strongly professional: the amateur work which once made it notorious has been more rigorously excluded in recent years and is now all but gone. With their privileged entry of six works apiece, the Academicians and Associates set the standard and the tone. With so big a show as this the visitor must follow his own taste and judgment and work quite hard to see everything properly, but such involvement brings its own rewards, from the work of Elizabeth Blackadder, Olwyn Bowey or Gus Cummins to that of Gillian Ayres, Joe Tilson or John Bellany. (Daily until August 23).

PARIS

L'Art Independant: To commemorate the 50th anniversary of the 1937 Paris International Exhibition, the Museum of Modern Art, built for the occasion, repeats on a smaller scale the exhibition l'Art Independant which was part of the heady pre-war festivities. Celebrating painters and sculptors who broke with the academic traditions of the 19th century, it assembled works by Matisse and Maillol, Picasso and Lipchitz, Braque and Rodin among others. The present version of the exhibition allows visitors to compare the choices of the 1937 organisers with the judgement of history. Musee d'Art Moderne de la Ville de Paris, 11 Avenue President Wilson (472 30127). Ends Aug. 30.

Invitation to a Voyage: A delightful exhibition based on a Louis Vuitton collection, conjures up the excitement of travel from the middle ages till 1935, with finely tooled 15th and 16th century caskets for jewels, knives and goblets, with ornate leather trunks – and a Sacha Guitry wardrobe case. The toilet sets dazzle with silver and crystal, ivory and tortoise shell, a French Coupe, a Dutch Royal sledge with a Japanese palanquin evoke adventure against the background of exotic travel scenes, while the Pullman era ushers in the luxury of discreet comfort amid the bustling porters. Musee des Arts Decoratifs, 107, Rue de Rivoli (4360 3214). Ends Aug 30.

WEST GERMANY

Kassel: Museum Fridericanum Orangerie: Documenta 8 'World exhibition of contemporary arts': paintings sculptures, theatre performances, architecture and design. The Documenta was founded in 1955 by local painter Arnold Bode with Henry Moore, Alexander Calder, Max Ernst and Joan Miro and is an important venue for modern art. This year director Manfred Schneckenartists, and for the first time open air sculptures which will be erected in Kassel's city centre. Artists exhibiting include Ian Hamilton Finlay, Javier Mariscal, Robert Morris, Mark Tansey, Alexander Melamid, Eric Fischl, Leon Golub, Robert Longo and Joseph Beuys. There is also a separate exhibition 'The Ideal Museum' where 12 architects present their ideas for Museum construction. Ends Sept 20.

Baden-Baden, Kunsthalle Lichtentaler Allee 8a: Henri de Toulouse-Lautrec. This exhibition displays graphic works from 1864 to 1901 with more than 380 posters and drawings (Ends Aug 30).

ITALY

Rome: Galleria Nazionale d'Arte Moderna (Viale Delle Belle Arti) 'Le Stanze Della Memoria': views of interiors, portraits and conversation pieces from the Praz collection. The catalogue is almost more delectable than the exhibition itself: the delicate oils and watercolours get lost in the austere spaces of the gallery. The nostalgic title refers to a period (1776-1870) when the aristocracy of Europe were united as never before or since, a period for which Mario Praz, anglophile, literary critic, and Professor of English Literature at the University of Rome, had a passion. He recreated with accuracy and affection the atmosphere at his "Casa Della Vita." Palazzo Ricci in Via Giulia. Praz's passion for empie style began when still a child and he was still buying new pieces at the age of 85, a year before he died. It is sad that it proved impossible to buy Palazzo Ricci itself, so that these delightful objects could have been seen in their proper setting. Until September 6.

Rome: Palazzo Braschi: Painter-Photographers in Rome: 1845-1870: The term Painter-Photographer was used almost up to 1970 to describe the early photographers, even if they had never painted. An absorbing collection of documentary photographs of Rome, including a collection by the English archeologist, John Henry Parker, and some striking portraits, all from the archives of the Rome Comune. Ends Sept 27.

Venice: Ala Napoleonica and Museo Correr: 'Matisse and Italy': over 250 works by one of most poetic of 20th century French Painters. The exhibition includes paintings, drawings, and Matisse's entire output of sculpture (75 pieces in all), lent by private and public collections in France and America, and the Musée Matisse in Nice. Pierre Schneider, the organizer, has attempted to show how the works of Italian painters such as Mantegna, Pollaiolo, Giorgione and Veronese may have influenced Matisse. Until October 18.

NETHERLANDS

Overholland Museum (Museumplein 4). Roy Lichtenstein retrospective, with 275 drawings from 1961 to 1986, including preparatory gouache and collage studies for murals. Ends Sept. 13.

SPAIN

Madrid, Spanish Pavilion in the international exhibition in Paris, 1937. This show reproduces the space, contents and environment of Spain's contribution to the art world during the Civil War, a means of propaganda by the republican government in search of international aid and support. Some originals, some copies or reproductions include architecture of the pavilion by Lacasa and Sert, Picasso's studies on the Guernica and his Dama Oferente, North American Alexander Calder's Fountain of Mercury, Miro's 'El Payes Catalan en Revolucion' and many more on loan by private collections and museums. Centro de Arte Reina Sofia, Santa Isabel 52. Ends Sept 15.

TOKYO

Images of Gods: This exhibition of masks and totem figures from Africa, Oceania, Asia and the Americas commemorates the 10th anniversary of Osaka's National Museum of Ethnology. The 200 objects include rare items from Oceania (from Britain's George Brown Collection) along with elegant and modernistic designs from Africa and Australia. Suntory Museum of Art, near the New Otani and Akasaka Prince Hotels Akasaka Mitsuke. This is a cosy museum offering both a tea ceremony room and spectacular views over the city. Ends August 30th. Closed Mondays.

Bunjin-ga Literati Painting. This exhibition of Chinese-inspired landscapes by Japanese artists of the Edo Period (1600–1868) includes works by the renowned Uragami Gyokudo of the Nanga, or Southern School of Chinese painting. Literati painters were enthusiastic amateurs who worked in ink and paper – the Academy professionals worked in silk and mineral colours. Their most typical subjects were the rustic scholar-recluse poetic scenes of mountains and Zen-inspired landscapes of the mind. Idemitsu Museum Hibiya, above the Imperial Hotel and near Ginza and main hotels. Ends Aug. 23. Closed Mondays.

CHICAGO

Art Institute: 16th century Turkish art that flourished under "The Lawgiver" Sultan Suleyman is displayed in 210 objects including illustrated manuscripts, inlaid woodwork, rugs and the imperial wardrobe. Ends Sept 6.

NEW YORK

Guggenheim: The first retrospective of Joan Miro since his death in 1983 includes more than 150 pieces, including paintings objects, collages, ceramics and works on paper that explore the artist's experimental media, methods and primitive inspirations. Ends Aug 23.

Russian Prom/Albert Hall

Dominic Gill

This week is ballet-music week at the Proms. Last night and tonight two different orchestras offer the complete scores to Stravinsky's ballets *The Fairy's Kiss* and *Pulcinella*. And on Tuesday the BBC Symphony Orchestra under Gennady Rozhdestvensky provided two ballet selections in a single programme: the second act of Chaikovsky's *Nutcracker*, and excerpts from *The Bolt*, one of the three dance-scores composed by Shostakovich in the 1930s before he forsook the theatre almost entirely in 1936 after the debacle of *Lady Macbeth*.

Act Two of the *Nutcracker* by itself is not really quite such good value at Chaikovsky's own familiar concert suite; the best parts of the second act by far are the great Sugar Plum *pas de deux*, and the Valse Finale —both of which figure (albeit in truncated form) in the suite. A slightly puzzling choice: but then again, why not? The performance would have been still more satisfying if it had sounded more substantially rehearsed. It bore all the hallmarks of a typically casual, breeze in and breeze out again, Rozhdestvensky affair: good-humoured and unfailingly genial, but without a trace of close focus or rigorous working.

There followed a rather good performance, by Rodney Friend the BBCSO's co-leader, of Prokofiev's first violin concerto of 1917: bright, keen-edged, nicely polished, with some splendidly plangent *sul ponticello* playing in the scherzo. I speak of Mr Friend's playing of the solo part: Rozhdestvensky's role appeared to be to keep everything as relaxed and as genially low-key as possible. Was it just my imagining, or was he really waiting to get away as quickly as he decently could to another appointment? The excerpts from Shostakovich's *The Bolt* were short, and rumbustiously to the point. All good clean socialist-realist fun, with one or two very clever, and actually very funny, send-ups of Chaikovsky: but with more than a hint, in the music's undercurrent, of the angst to come.

Gaskill directs Marivaux at Lyric

William Gaskill is to direct *Infidelities*, his own translation of Marivaux's *La Double Inconstance*, at the Lyric, Hammersmith, from August 25. This version of the play was seen earlier this year at the Guthrie Theatre in Minneapolis, also directed by Mr Gaskill. The Hammersmith production is designed by René Allio. The cast includes John Lynch, Eleanor Bron, Saskia Reeves and David Rintoul.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Thursday August 20 1987

A monopoly fights back

SIR DENIS ROOKE, the chairman of British Gas, can hardly expect wild applause at his first annual shareholders' meeting next week for getting into a fight with the Government-appointed regulator only six months after being privatised.

British Gas's new owners have cause to be disturbed by the high-handed way in which Sir Denis and his board slammed the door on the director general of the Office of Gas Supply (Ofgas) this summer when he requested the data on which domestic tariffs have been set.

The first round of the dispute opened in June when British Gas anounced a 36 per cent rise in pre-tax profits for 1986 and said that gas prices for domestic consumers would be cut by 4.5 per cent from July 1.

Profit increase

The company made its big increase in profit in 1986, before privatisation, because it did not pass on much of the benefit of falling gas prices to domestic customers. However, the licence under which the corporation now operates as a private monopoly says that domestic gas tariffs must fully reflect any fall in the cost of its supplies from the North Sea.

British Gas calculated that the formula governing these domestic tariffs for the year would yield a price cut of 4.5 per cent. But Mr James McKinnon, the director general of Ofgas, rightly refused to take the company's word for it. He asked to see the detailed calculations, the data on gas purchasing costs, and the assumptions which lie behind them.

The company responded with the arrogance which might be expected from an entrenched monopoly. It said Mr McKinnon had been given all the information he needed, and more than he is entitled to. It refused his offer to come to British Gas's headquarters to view the data under any conditions of secrecy specified by the company.

Open war was declared on August 3, when Mr McKinnon published an Order under the terms of the Gas Act, requiring the corporation to co-operate. If he receives no response by September 11, the way will be opened to court action and possibly an application to the Monopolies Commission to sharpen his powers.

Perhaps British Gas thought, when it started to flex its biceps, that Mr McKinnon would be an easy pushover. Now that it is clear he will stand his ground, the company has little to gain and much prestige to lose.

In view of the continuing public anxiety about the behaviour of British Telecom as a private monopoly, Sir Denis cannot afford to squander his stock of public goodwill.

The licence granted to British Gas states that the regulator must be given a written forecast of the maximum allowable average price "together with its components." However the courts might interpret this rather cryptic phrase, the regulator will surely carry the overwhelming support of the general public in asking for full details of the operation of the formula.

The issue goes far beyond the number of pence reduction in this year's tariff. As both sides know, they are just warming up for the big fight in a few years' time about the successor to the present regulatory formula. The conflict arises directly out of the Government's decision to regulate prices rather than profits (as is usual in the US), by a rough-and-ready formula whose life expectancy is only five years.

Public scrutiny

The present regulations assume that British Gas can reduce its controllable costs by an annual 2 per cent "x" factor. This figure, which has a major impact on profits, must be reviewed in the light of performance and external developments. A decision on whether to alter the "x" factor must depend upon a detailed review of the corporation's profitability, its performance and its gas purchasing policy. If Mr McKinnon is to be a credible guardian of public interest, he will need to know almost as much on these subjects as Sir Denis. The Government set the stage for the present conflict when it refused to break up British Gas or significantly to reduce its market power at the time of privatisation. Ministers must now make it clear to the company that the price of its monopoly position is thorough public scrutiny, and that refusal to co-operate with Mr McKinnon will result in a change of its licence. The moral for the privatisation of electricity is obvious: wherever possible competition must be introduced. Otherwise regulators must be given strong and unambiguous powers.

New elections in Denmark

BY CALLING a general election two months before it was expected and four months before it became a constitutional necessity, Mr Paul Schlueter, Denmark's Prime Minister, has again displayed his political acumen. He has pulled a fast one on the opposition Social Democratic Party, whose leader, Mr Anker Joergensen, was out of the country at the time. He has also ensured that his four-party non-socialist minority coalition will not be embarrassed by the rise in unemployment which is bound to emerge soon with the onset of a serious recession.

Whoever wins, the task facing the new government will be unenviable. The country is saddled with a persistent current balance of payments deficit, a foreign debt which, at about 40 per cent of the gross domestic product, is among the biggest in Europe, and high unemployment, now running at about 8 per cent. Over the past dozen years, a variety of policy mixes has been tried, but none has yet been successful in tackling simultaneously the twin problems of the external deficit and unemployment, as the OECD noted in its recent survey.

Mr Schlueter's Government has succeeded in reducing inflation, eliminating a large budget deficit and reducing unemployment during its five years in office, but the price was a deterioration in the external current account. In 1986 the deficit was over 5 per cent of the GDP.

Necessary price

Fiscal policy was significantly tightened last year and the economy is now in recession, with little or no growth in the GDP expected either this year or next. This is bringing about a reduction in the current account deficit. But wage costs have risen fast this year as the result of last spring's wage agreements, and the position of export industry is not being helped by the strength of the krone.

This is not a scenario for the export-led growth which Denmark urgently needs if there is to be a lasting improvement in its external account. The standard cure for a country in this position is devaluation, but this was tried, without success, at the beginning of the decade. There are few politicians in any party who believe that a devaluation could be made to work now. But in the business world there are many who wonder whether there is any other option.

In Europe, the election will be watched for its influence on defence policy. Mr Schlueter's Government is dependent on the support of the Radical Liberal Party, which is pacifist. The Radicals have frequently allied with the socialist parties over the past five years to place the Government in a minority on defence and foreign policy issues. Mr Schlueter has come close to abrogating responsibility in these areas, as the necessary price for the chance to lead Denmark out of its prolonged economic crisis.

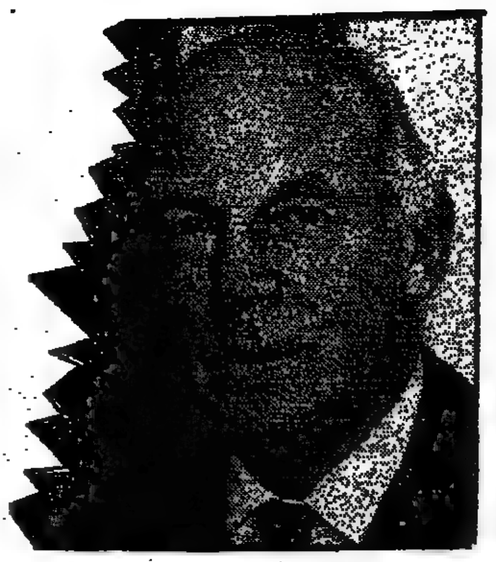
Minority government

The result is that on some international issues, such as opposition not only to President Reagan's Strategic Defence Initiative but to all SDI research as well, the official Danish position is even more stringent than Mr Gorbachev's as Mr Uffe Ellemann-Jensen, the Foreign Minister and leader of the coalition Liberal Party, has pointed out.

If, against expectations, the socialist parties win the election, it is likely that the Social Democrats would form a minority government with the backing of the Socialist People's Party, which is opposed in principle to membership of both the European Community and Nato

Another equally disturbing outcome would be a hung folketing in which neither the coalition nor the Social Democrats can form a stable administration. Recent sharp tax increases may tempt some right-wing voters to vote for the Progress Party, which swept into parliament for the first time in 1973 on a wave of anti-tax protest. When the party's founder, the flamboyant Mr Mogens Glistrup, was sent to prison for four years for tax fraud, the party's fortunes dwindled fast. However, it could once again hold the balance after the coming election, and in this case Denmark's political and economic problems would become even harder to resolve.

What went wrong between Robert Struder (left) of UBS and Sir Robert Clark of Hill Samuel. **David Lascelles** on the implications



A union that never was

AT 8 am on Tuesday, Sir Robert Clark, chairman of Hill Samuel, and three colleagues stepped into the headquarters of Union Bank of Switzerland in Zurich. They were there to attend a meeting with Mr Robert Studer, the general manager, and his senior executives about UBS's interest in buying Hill Samuel.

Sir Robert, who had flown in the night before, was expecting to be told the only piece of information lacking from his nine weeks of discussions with the Swiss: how much UBS proposed to pay for his City merchant banking group.

Instead, he was stunned to be told politely but briefly by his Swiss hosts that the deal was off. "I was rather surprised," he said later with some understatement. "I had come to do a deal." Some coffee was offered and drunk, but it was obvious there was nothing more to discuss and shortly afterwards the British bankers made their dazed way back out into the street.

Yesterday morning, 24 hours later, the London market suffered as great a shock when the news was relayed to the Stock Exchange. Hill Samuel's shares plunged more than 100p, and many other merchant banking stocks buoyed by similar bid hopes suffered the same fate. The most important City deal since last year's Big Bang had collapsed.

The immediate question on everyone's lips was how this potentially epoch-making transaction—which would have created a major international investment banking group and put a large UK merchant bank under foreign ownership for the first time—could have gone so badly wrong. And does this contain sobering lessons for those who talk of Big Bang's "second wave" in which the conglomerates formed during last year's upheavals will themselves be gobbled up by even bigger ones?

To some extent, the City had run ahead of itself in its euphoria. The Swiss had never indicated a firm intention to bid for Hill Samuel and were even claiming yesterday that they had not initiated the talks (which Hill Samuel denies). Even so, there were special factors at work.

One had to do with the Swiss themselves. Highly cautious and secretive, they considered the deal in enormous detail. UBS sent 40 people from Zurich to crawl all over Hill Samuel, which is one of the more diversified City merchant banks, including Wood Mackenzie, the stockbrokers, and subsidiaries involved in shipping, insurance broking and employee benefits. In addition, UBS hired Schroder, another City merchant bank, to look at Hill Samuel's non-banking operations.

UBS hoped that the deal would enable it to expand its corporate finance presence in the UK, gain access to more corporate clients, and develop a much larger securities business by merging Wood Mackenzie and Phillips & Drew, the stockbroking firm it bought last year.

It was not clear what UBS would do with the rest of the group, though it had agreed that, if it were to make a bid, it would be for the whole company, and not just the bits it wanted.

UBS's analysts completed their investigations at the beginning of last week and returned to Zurich to write their reports. Last weekend they all came together and for the first time Mr Studer and his colleagues were presented with the full picture. This showed them that while Hill Samuel's merchant banking, stock broking and institutional fund management businesses fitted the bill, there were many parts that did not.

Most of these were in the retail financial services area which UBS is not keen to expand abroad: personal fund management, employee benefits, etc. The bank also did not want to get into shipping. According to the UBS spokesman in Zurich, this was enough to make the deal unattractive.

Had UBS been a UK or US bank, it might well have gone ahead and bought Hill Samuel, and then proceeded to break it up and resell the parts it did not want. But as one close observer of the deal says: "The Swiss don't work like that. They don't like people to think they just buy and sell companies."

A further factor may have been that the early contacts between UBS and Hill Samuel were initiated by Mr Bryce Cottrell, managing director of Philips & Drew who was keen to build up his firm's corporate finance strength.

Although UBS approved these approaches, the fact that it was a London rather than a Zurich initiative may have made it that much harder to push through headquarters.

However, if UBS's reticence and the unusual complexity of the Hill Samuel group combined to make this an exceptionally difficult deal to conclude, the failure also has broader ramifications which were reflected in the steep decline in other merchant banking stocks yesterday.

The rationale for believing in a "second wave" is that the groups formed by mergers of banks and stockbrokers last year for Big Bang is only the first stage of a process by which large international conglomerates offering a wide range of financial services will be formed. Some have called it "global bang."

The second wave, the theory goes, will occur when foreign banks attempt to buy up UK merchant banking groups to get into the London market and add a vital link to their global chain.

Most of the leading merchant banks are obvious targets: Kleinwort Benson, Morgan Grenfell, S. G. Warburg, Schroder, and Hill Samuel. All are publicly quoted (though some have large blocks of shares in family hands), and are active in both the banking and investment business.

Among potential buyers, the European Continental banks loom large (many US banks came in during the first wave). And the fact that UBS was willing to contemplate a deal of Hill Samuel proportions must have jolted its main competitors, particularly in Switzerland and Germany.

Since news of the Hill Samuel deal was first announced on July 9, a number of Continental banks are believed to have stepped up their search in London. Last month, Credit Lyonnais of France offered to buy Alexanders Laing & Cruickshank, the investment banking arm of the Mercantile House group against a competing bid for another large Continental bank, believed to be Dresden Bank.

But the lesson of the UBS-Hill Samuel failure is that acquisitions will be hard to accomplish. Delicate issues of personalities, overlapping businesses, and conflicting cultures have to be addressed, and in the event of failure there will always be distress and humiliation.

In Hill Samuel's case, the failure is particularly damaging because Mr Christopher Castleman, its independent-minded chief executive, resigned in dramatic fashion in protest at his board's willingness to negotiate with UBS. Apart from seeming ironic in the light of yesterday's events, his departure now leaves Hill Samuel leaderless at a crucial moment in its history.

Sir Robert said yesterday he did not intend to take over as full-time chief executive; he would be looking for a new person to fill that role.

"We will continue merrily on our way. We will put our heads down and try to make some money," he said.

But it may be hard for Hill Samuel to get back to business as usual. Having demonstrated its readiness to be bought, the group is bound to find itself at the centre of interest, whether speculative or serious, which will be unsettling both to its staff and clients. Sir Robert said he had not received any other bid approaches, but Hill Samuel still has two large unwelcome shareholders in the form of Mr Kerry Packer and Mr Larry Adler, the Australian businessmen with, respectively, 14 and 12 per cent.

To justify their receptiveness to UBS, Hill Samuel's board said last month that they felt the group was too small to succeed in today's fast-moving and heavy-hitting financial world, and needed to vault into the big league with the help of a powerful partner.

The implication is that Hill Samuel will now have to resign itself to the second league again, unless another buyer comes along. Though even then, Sir Robert and his men are unlikely to demonstrate quite the same enthusiasm, particularly if the buyers have a gnomish mien.

THURSDAY BOOK REVIEW

The Australians

by Ross Terrill
Bantam Press: £12.95

THE REALISATION that Australia is genuinely different — glamorously peculiar — was borne in on me one recent June evening in central Queensland, when I stopped at a motel in a fading sheep town near somewhere and nowhere.

I had been driving for nine hours, so was not immediately receptive to what was happening I entered the restaurant for dinner. But then I heard a carol — We Three Kings. I saw a fir tree laden with pink-wrapped presents. Then I noticed streamers and little gold stars, and someone offered me a port, to go with the turkey.

It was Christmas! As the mayoress explained later: "Every year, on June 25, in the middle of our winter, we deck the halls with boughs of wattle and celebrate the Nativity. We're a long way from our origins, so it's the least we can do. Did you have enough chook?"

Once Terra Australis Incognita — the unknown southern land — Australia is almost on the eve of her bicentenary, or at any rate the 200th anniversary, of her founding as a felons' colony.

As a result, the presses will run hot with commemorative volumes dedicated to an exploration of this strange, partly mystical island-continent inhabited by just 16m souls whose history has never been more aptly summarised than by the words printed on the spine of Volume six of the Australian Encyclopaedia—"Marsupials To Parliament."

Most of the serious books on Australia's bicentenary will no doubt structure themselves in terms of the two key questions that are invariably asked about this poor little rich country.

First, if it is indeed poised at the crossroads, as commonly portrayed, which direction will Australia choose? Will it become a self-sufficient power of the 21st century, or revert to a barren outpost, unable to cut the mustard as a post-industrial power? (If you reply that this choice is simplistic, and probably bogus, you will be correct; you will also have missed the point.)

Second, how will Australia's search for an identity be resolved? The virtue of Ross Terrill's book is that it tackles each of these questions maturely, without struggling to synthethise a verdict. Mr Terrill is well equipped for his task. He was born and raised in Australia and was an associate professor of oriental studies at Harvard.

His book is a candid and highly personal collection of Australian views and voices, culled from hundreds of interviews and conversations, many of them typified by the salty, four-letter pragmatism that is Australia's bequest from its convict founders.

Australia is evolving swiftly. Each year, says Mr Terrill, more than a million people approach its embassies and consulates around the world, seeking to emigrate. Well under 10 per cent of these are accepted. But by the end of 1984, 41 per cent of Australians were either born outside Australia or had at least one parent who was. As a result, Australia has become the great immigrant-receiving land. Its leap from British monolithism towards Eurasian pluralism is one of post-colonial history's biggest. Hence the problem with identity. As Mr Terrill says quoting Hazel Hawke, the wife of prime minister Bob Hawke, racism has been baked deep into Australian society, and at one level multiculturism is an overdue effort to eradicate a dark side of the Australian soul.

Do the Aborigines, whose lot is not a happy one, fit in with the multicultural vision of Sydney, Melbourne and Canberra? Once again, Australia may have been attempting to do too much too quickly. As the Lord Mayor of Darwin tells Mr Terrill over a Chinese lunch: "For 175 years the whites did nothing for Aborigines, and for the last 25 years they've gone to the other extreme — over-providing, a kind of reverse discrimination."

On a broader canvass, Mr Terrill quotes former prime minister Malcolm Fraser, who sees a danger that Australia "will continue to fall behind and watch one Asian state after another pass us by (in living standards) over the next 25 years." The Hawke Government, says Mr Terrill, understands the danger, and probably has the intellectual answers to counter it. "But does it have the political will? And do Australians want to put adventurous growth above middling security? The challenges are not small."

All sorts of shadows, he says, have started to fall across the public life of the "lucky country." As income from minerals and farmstuffs starts to look uncertain, how can Australian manufacturers compete with low-cost Asia? How can the quest for social justice succeed without the oppressiveness of state guardianship?

But then 200 years is only a fragment of time. As a result, the author's finale is appropriately up-beat. He recalls attending an Awards for Excellence dinner in Melbourne hosted by BHP, Australia's biggest company.

"Much of the Australia I knew is turned on its head tonight," reports Mr Terrill. "The Australian 'knocker' tradition is not in evidence. A people used to snarling at each other are at mutual massage. Instead of a mumbling self-depreciation we have eloquent nationalist sentiment reinforced by inspirational music. The togetherness of the Hawke era is as tangible as the necklaces and the cigars and the pavlovas."

Happy birthday. Happy Christmas.

Michael Thompson-Noel

Men and Matters

When a body meets a body

Even such a morbidly-inclined and serious business as pathology has its share of "cowboys" within the trade, admits Dr. Basil Morson, treasurer of the Royal College of Pathologists, and himself a specialist in bowel diseases.

Which is why a new body, the Association of Independent Pathological Laboratories has been announced this week. It is the result of an initiative by the private sector laboratories in Britain. The first task will be to set up a system of "accreditation and quality assurance," Morson explains.

The present situation is that anyone can set up a pathology lab. A more formal way of overseeing the quality of work is urgently needed.

One important factor is that, under the present system some practitioners could face expensive legal action. For pathology data often goes into patients' medical records. And the new Data Protection Act demands that such records must be accurate. Recent disputes over cancer test smears have given the pathologists a higher-than-welcome profile.

"No part of the human body is sacred any longer," says Morson. "There's no part we cannot reach."

But that very accessibility, helped by such new medical technology as the "imaging" system, is creating new problems for the 5,000 members of the pathologists' college.

They are getting an increasing volume of work and need the facilities of highly-automated laboratories to handle the type of investigations that doctors are now demanding.

Morson describes the modern labs, without rancour, as high-tech factories, and says they are an obvious opportunity for private sector investment.

The hope is that the new association will exercise sturdily independent control over the quality of their work.

"You can't blame people—have you tried getting through to a dealer on a falling market?"

No time for tea

The erosion of traditional English values in the wake of Big Bang continues. The latest bastion to fall could be the afternoon tea break at the Bank of England.

The Old Lady has held on longer than most against the winds of change. After all, Mullens, the Government broker in the gilt-edged market before Big Bang, conceded its tea and biscuits trolley in favour of vending machines way back in April last year after merging with S. G. Warburg.

Now the Bank's resistance has crumbled. A recent review of staff work practices came to an acceptable compromise. The half-hour morning coffee break could stay. But the half-hour tea break had to go.

In return for this loss, and a number of other less controversial measures such as rejigging some of the guidelines on overtime working, many staff members have received a 7 per cent pay award to add to the across-the-board 5 per cent annual increase.

Bank officials insist that the extra increase is completely self-financing and that, anyway, nobody has insisted on rights to a tea-break for years.

They even drink their morning coffee at their desks, so we are told.

Morton's fork

Is Alastair Morton taking on too much? Combining, as he does, the two uphill tasks of getting Eurotunnel off the ground (he is joint chairman), and fending off predators at Guinness Peat Group (where he is executive chairman), some people think so.

Among them are the New Zealanders of Equiticorp who announced a possible bid for GPG on Tuesday night and cited Morton's dividend loyalties as one reason.

Morton certainly has a busy schedule. On a typical day he might start by breakfasting with a financial journalist, then dashing to the Continent for a bankers' meeting, snatching an airline lunch on the way, and dining with an institutional investor in the evening. He probably works 80 hours a week — and recently more than half of that has been with Eurotunnel.

The Eurotunnel end seems to be paying off. The climate of opinion has shifted somewhat in the project's favour since he took over in the spring. But at the GPG end he seems ready to shed some of the load. He has just appointed a new managing director and chief financial officer, Michael Kerr-Dineen, who will look after the group's affairs.

Kerr-Dineen came to GPG with Morton back in 1982, and previously they worked together at the British National Oil Corporation. Before that, Kerr-Dineen was at the Bank of England.

Fast Lane

Having spent the whole of his adult life in the army, where he reached the rank of major-general, Barry Lane admitted in Cardiff yesterday that he would have to be "on a fast-learning curve" about commercial life, following his appointment as chief executive of Cardiff Bay Development Corporation.

The nearest point at which he could touch base with the financial world would be his father, who was at Lloyd's. But he will, no doubt, get any assistance he needs from his chairman, who made the switch out of khaki some years ago. Geoffrey Inkin ended his service career as a lieutenant-colonel.

After a service of niggling leaks and mishaps which saw his first choice for the chief executive slot vetoed by the government, Inkin kept a tight hold on yesterday's announcement. Reporters sitting in an ante-room waiting to interview the new man were not even told his name, until they came face-to-face with him.

Lane, who will be responsible for running the redevelopment of 2,700 acres of Cardiff's run-down docklands, is not worried about facing flak from environmental groups or MPs. "In my last post at south-west district, I met a lot of the press and MPs and got quite used to dealing with them."

Last drop

"The captain admitted that, after drinking sherry and whisky, he grounded his boat by going to port"—news report.

Observer

Economics, says **David Simpson,** has entered a cul de sac

Wanted: a mission

IN HIS Budget statement earlier this year, the Chancellor of the Exchequer departed from his prepared text to make a point for the benefit of professional economists: "Our critics have consistently maintained," he said, "that without an expansionary fiscal policy sustained growth was impossible. They were wrong and have been proved wrong."

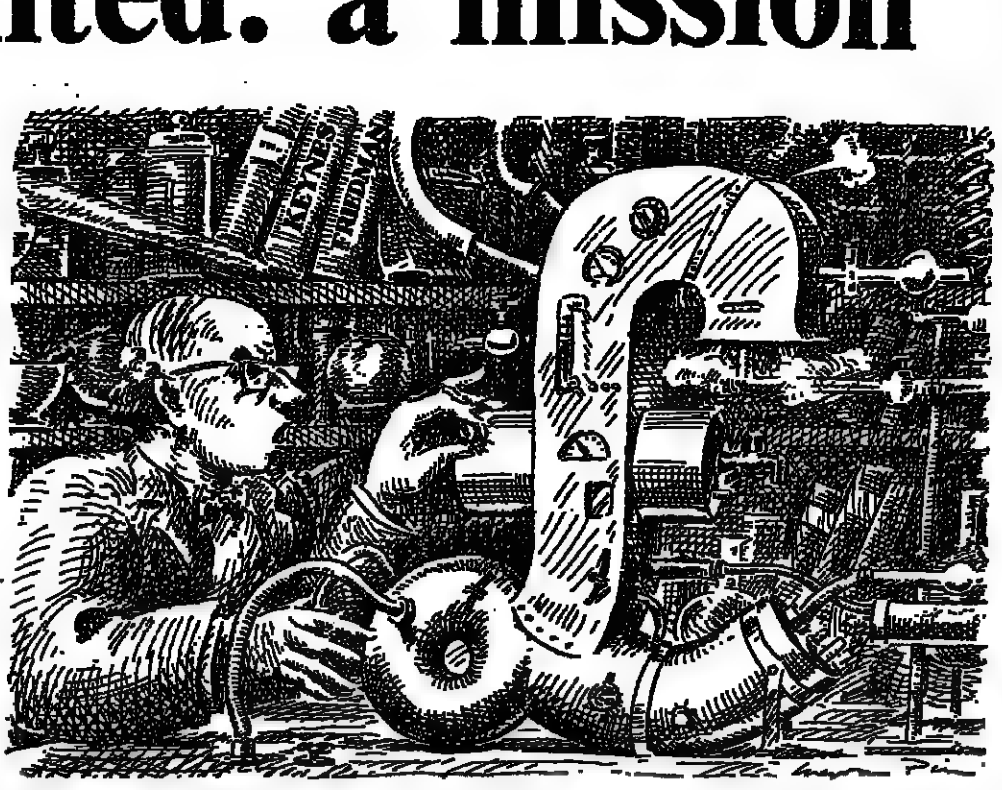
These remarks seem particularly to have been directed at the group of 364 economists who issued a statement in March 1981. They said: "There is no basis in economic theory or supporting evidence for the Government's belief that by deflating demand they will being inflation permanently under control, and thereby induce an automatic recovery in output and employment."

This manifesto created quite a stir. The list of signatories included no fewer than five former holders of the office of Chief Economic Adviser to the Government. A letter published in the FT in March suggests the "famous five" are sticking to their guns.

The impartial spectator, however, might be inclined to agree that the Chancellor had, indeed, won the argument. After all, the Government did deflate demand, it did bring inflation under control and there has been a recovery in output and employment without any fiscal stimulus. The Chancellor appears to have laid to rest a fundamental Keynesian doctrine, (indeed, perhaps the fundamental Keynesian doctrine). Unfortunately, a few lines further into his Budget speech, Mr Lawson was also forced to lay to rest a fundamental monetarist doctrine when he remarked that "for broad money it is probably wise to eschew an explicit target altogether."

The use of a target rate for the growth of the domestic money supply, as an alternative bastion of financial discipline to the fixed exchange rate, was a monetarist principle enshrined in the incoming Conservative Government's medium term financial strategy in 1979. The policy was based on the supposition that there was a regular and stable relationship between the supply of money and aggregate demand. While there are several alternative definitions—and therefore alternative measures — of money supply, all have proved unreliable. Like Keynesianism, monetarism has failed.

The Chancellor is unlikely to be worried by all this. He is, after all, a politician and, by profession, a journalist. The implications are much more serious for the economics profession because the discrediting of two major economic doctrines has been accompanied by growing doubts about techniques and practices such as economic forecasting, economic model-building and cost-benefit analysis.



During the last five years, that which had been obvious to hostile critics for a long time has become apparent to the intelligent layman, namely that the quality of economic forecasts is not improved by constructing ever larger and more complex mathematical models of the economic system. Nor does it help if the parameters of such models are estimated by ever more refined econometric methods. Reviewing a parade of macro-econometric models designed to explain unemployment in the UK, Mr Richard Layard observed that those models which fitted the facts had no theoretical basis, whereas those which were founded on economic theory did not fit the facts. The Chancellor has felt able to refer to macro-economic modelling as "witch-doctory."

So far as cost-benefit is concerned, this technique was once the professional economists' passport to lucrative consultancy in a wide range of public sector activities, from the building of roads to the administration of health services. Although opportunities for gainful employment by this means still arise, the public reputation of cost-benefit analysis has never really recovered from its use, or abuse, in the ill-fated attempt in the 1970s to find a site for a third London airport. Despite, or perhaps because of, the huge resources which were devoted to this exercise, the ambiguities of the technique were painfully exposed.

Another post-war fashion among professional economists which has come to grief has been the preoccupation with "growth theory." Almost three decades of intensive intellectual effort on the part of the leaders of the profession were devoted to a completely sterile exercise in what was called the theory of economic growth. The approach effectively excluded from consideration most of the important aspects of the actual process of economic growth in the real world. As one practitioner put it, "the selection of topics for work in growth economics is guided much more by logical curiosity than by a taste for relevance."

Two other areas of work where mainstream economics has reached a dead end are the theory of value and the theory of expectations. The theory of value is the name which economists have traditionally given to the determination of relative prices and quantities in an economic system. From humble beginnings in the eighteenth century, this theory progressed to a plateau in the early twentieth, notably in the work of the distinguished English economist, Mr Alfred Marshall and some of his European contemporaries. After the Second World War, however, some of the more esoteric and technical aspects of the theory were subjected to processes of extreme refinement. The results can be compared to a baroque palace built of icing sugar upon a foundation of shifting sand: difficult to construct and beautiful to behold, but of no value to anyone.

As for expectations, their importance in a market economy can hardly be overlooked. When, therefore, the neglect of this topic became a growing embarrassment, the response of the profession was to incorporate expectations into the existing body of conventional theory in a way which made the treatment of the formation of expectations consistent with that theory. Thus was born what economists call the "rational expectations hypothesis." Subscription to this hypothesis requires a suspension of disbelief in comparison to which the act of believing 20 impossible things before breakfast is quite easy.

Hand in hand with the discrediting of contemporary economic theory and techniques has gone a decline in the public behaviour of many prominent economists. In the light of the profession's setbacks, one might perhaps have expected a note of modesty to have crept into economists' public pronouncements. The tone, however, has remained resolutely confident, even arrogant especially in the public quarrels between monetarists and Keynesians, which have had all the subtlety of a Bank Holiday weekend seaside punch-up.

Another type of behaviour follows the principle: "Don't do what I do: do what I say." Composed largely of academics and civil servants enjoying lifelong job security, the profession is united, if in nothing else, in its advocacy of the virtues of job mobility. The advice is always the same: the rate of growth of national income will be increased by redeploying redundant labour to more productive uses.

A pre-eminent purveyor of this view is the Treasury, which houses a concentration of professional economists performing largely redundant activities. Until the mid-1960s, the Treasury made do with only a handful of economists. Thereafter, the numbers expanded rapidly and today 70 are employed, the majority of them in two sections dealing respectively with monetary policy and macro-economic modelling. We have already noticed the redundancy of the latter activity. If and when Britain joins the European Monetary System, it will be difficult to disguise the redundancy of the monetary policy section.

Since 1979, the Government has deregulated and decontrolled the economy, yet as the number of instruments of economic policy has shrunk, the number of economists employed in Government service has increased.

Whether because of the perceived failure of economic doctrines, or because of the public behaviour of individual economists, there is some evidence that the profession has already declined in public esteem. The larger business corporations, which with the civil service, were the main recruiters of economics graduates in the 1960s and 1970s, have reduced their intake. Those economists who are hired are mainly considered non-specialists, like any management trainee who is a graduate of an arts discipline.

The origin of most of the troubles which beset economists today can be traced to an illusion about the nature of economic knowledge. This illusion, which has flourished in the profession since the Second World War, is that knowledge in the social sciences is no different from knowledge in the natural sciences. It is the belief that the behaviour of human beings can be analysed and predicted in exactly the same way as can the behaviour of atomic particles. This has led to the self-image of the post-war economist as a kind of engineer or technician, like someone who sits at the control panels of a large power station, monitoring the dials and making periodic adjustments to avoid over-heating or sub-optimal utilisation of capacity. The metaphor of the national economy as a kind of public utility is embedded deep in the sub-conscious of the post-war generation of economists.

For the real world of economic activity, which is characterised by incessant competition, technical innovation, changing patterns of resource scarcity and all kinds of other disturbances, this is a most inappropriate metaphor. A generation of economists has grown up well trained, in the sense of having command of a wide range of quantitative techniques, but poorly educated, in the sense that it has little or no idea how to apply these techniques to actual issues, and especially no appreciation of the very limited range of their applicability.

The illusion of certainty must be dispelled and the irreducible uncertainty characteristic of human behaviour recognised. Once the centrality of human behaviour in economic affairs has been recognised, the barriers between the social sciences can begin to be broken down. Along with the neglected art of applying economic theory, and knowledge of the cognate social sciences, the teaching of statistics must be part of the proper education of any professional economist. But it should be taught not, as at present, as the mechanistic application of a technique, but as a method of reasoning.

What is the usefulness of economists in the post-Keynesian, post-monetarist world? The continuously changing advanced economy throws up a succession of issues of economic policy which require resolution, —a recent example is the effect of new technologies on the organisation and finance of broadcasting. On such questions, no settled conclusion can be reached: there will always remain scope for disagreement. Nevertheless, the properly educated economist, who has mastered the art of applying the classical principles of his subject, can throw light on these problems, (as the Peacock Report did), thereby raising the standard of public debate. This is not a modest objective: it is surely the highest objective which an economist, acting in his or her professional capacity, can hope to achieve.

The author is Professor of Economics at Strathclyde University.

JOE ROGALY

Up to a point, Lord Ackner

ONE OF THE several curious aspects of the Law Lords' recent decision in the Spycatcher case was the manner in which they reached it. Judged by their own traditons, it was a hasty and ill-considered process. For the announcement on July 30 that the court had decided, by a majority of three to two, to maintain and extend the ban on publication in British newspapers of the substance of Mr Peter Wright's book, Spycatcher, was just that —a bald announcement. The reasoning was held back. At first it was to be published next month, after we are all home from our holidays. But as the August sun shone on the busloads of tourists outside the House of Lords the distinguished jurists inside were persuaded that there was an urgent need to explain themselves. No time was lost. On August 13 the five Lords' five opinions were published. Judicially speaking, the entire process was topsy-turvy.

What should have happened, m'learned friends tell me, was that the five should have read each other's written opinions *before* the judgment. This is half-acknowledged in the texts published last week, in which Lord Bridge says that after writing his own opinion he had an opportunity to read the first drafts produced by Lords Templeman and Ackner, but remained in "profound disagreement" with them, while Lord Templeman says much the same thing the other way around. In theory, and in much past practice, the study of one another's drafts in advance of any public announcement might lead to either the modification of some of them, or even to a change of mind. (It is a complicated process, described in detail in The Law Lords, a study by Alan Paterson, published by Macmillan in 1982.)

This order of events is not always the right one. For example, if the court has decided by three to two to release a prisoner, it is only fair to publish the decision at once and the reasoning later. It is also clear that the Law Lords debated the Spycatcher case at some length before they took up their stated positions. Yet there would have been no great loss if they had considered one another's written opinions first.

So why the haste? One non-legal answer is that some of the judges may have lost their patience with the press. Their written opinions are, technically speaking, speeches before the House of Lords—and they read like that. Lord Ackner talks about "press hysteria" following the publication of the Law Lords' verdict. "The press do not wish the public to exercise a sense of proportion," he avers. "This one-sided reporting is an abuse of power and a depressing reflection of falling standards and values." Elsewhere in his argument he asserts that "ther are elements in the press as a whole which not only lack responsibility, but integrity." And, in another passage, "Fortunately, the press in this country is, as yet, not above the Law, although like some other powerful organisations, they would like that to be so, that is, until they require the Law's protection."

Many people, my learned friend says as gently as he can, agree with Lord Ackner. This is sort of true even of Lord Oliver, one of the two minority Law Lords who favoured a lifting of the ban on publication. The price that we pay for the liberty of the Press, he states, is that it "may be and sometimes is harnessed to the carriage of liars or charlatans . . ."

Many of us who work in the Press would find it hard to disagree. There are British newspapers that tell outright whoppers. Some do it repeatedly. There are editors who demand that their reporters use indefensible methods to entrap people, or to invade personal privacy, in the interest of procuring material that cannot be defended as news although it can be sold as popular entertainment.

These things are a blot on the Press. But if Lord Ackner would read his own words, and perhaps those of Lord Oliver, once more, slowly, he might conclude that the problem is not going to be solved, least of all by outbursts of injudicious ill-temper. For there may be times when courts must override Press freedom, but not, surely, when the disputed material is already widely and irretrievably in the public domain.

Letters to the Editor

Competition in the air

From the Chairman and Chief Executive, Britannia Airways

Sir,—Mr Powrie makes a number of very valid points (August 12) with which I concur. I cannot, however, agree with his concluding paragraphs regarding the desirability of maintaining a "second force" airline.

Competition between scheduled airlines within Europe is minimal, not because of the lack of airlines but as a consequence of European Governmental policies. Only by inter-Government negotiations can effective scheduled competition result. In this British Caledonian is an irrelevance. Whether its 10 scheduled European routes are absorbed by the merged airline, or are removed from it, will make very little difference. Those airlines arguing for pieces of the spoils will not ultimately benefit the consumer.

The failure of British Caledonian is also the failure of the "second force" concept. There is no reason why any other small British airline should succeed where BCal failed. "Second force" policy is dead, and should be buried. Seeking to create a new "second force" by dismembering BCal's European routes will only result in the favoured airline requiring even more protection and favours than those given to, and which failed with, BCal. To that extent we accept the merger arguments put forward by British Airways.

That is not to say the merger should go through on the nod. There is competition in Europe. It is provided by the charter airlines which operate nearly 400 European routes from Britain (compared to BCal's 10), mainly north/south. On these routes there is intense competition between charter carriers who provide for well over half of the UK consumers of air transport to Europe at some of the lowest fares in the world. There is also very significant competition between charter and scheduled on the great majority of European routes, in particular those from north to south, with the result that scheduled fares on these routes are considerably less than those on which charter does not so strongly compete, ie, those relatively few in number from east to west.

The dangers to competition and the consumer following the proposed merger are not to the protected scheduled airlines but to those deregulated, unprotected, fiercely competitive but relatively small charter airlines. The new, hugely dominant British Airways, unassailable and protected, can move at will into the charter market, destabilising, even destroying. To British Airways the charter market can be a dump for surplus capacity at a moment's notice: for example, to soak up over-capacity due to excess aircraft acquisition, or scheduled market downturn, or even to use obsolescent aircraft rather than sell.

The CAA is powerless to act to prevent such excesses.

The "second force" concept has even influenced Government policies over Gatwick, giving support, protection and encouragement to British Caledonian. Without modification to those airport policies, British Airways would inherit the very protection designed to support the "second force" alternative, with potentially damaging effects on the only real competition—charter airlines.

We do not oppose the merger. We do not seek any special favours or routes. We, and our charter competitors, seek only to continue to compete fairly where the market demands. That will only be possible if Government does two things: provide adequate safeguards along the lines suggested by the CAA prior to the privatisation of British Airways to prevent potential unfair competition; and remove the second scheduled hub status and the consequential future priorities for slots at Gatwick so that scheduled and charter passengers enjoy equal status.

The proposed merger has logic, but only if these two safeguards are first put in place by government. No other actions are necessary. Without them, the real competition will wither and consumers will suffer. With them, all can benefit.

D. H. Davison.
Luton Airport,
Luton, Beds.

BA-BCal merger

From the Chief Executive, British Airways

Sir,—Mr Powrie (August 12) claims that national flag carriers competing with British Airways are the very airlines with which British Airways and BCal have anti-competitive agreements.

Apart from countries where governments require a revenue sharing agreement, or where the countries concerned will not allow adequate operating rights unless there is a revenue sharing agreement, there are relatively few airlines with which we still have agreements involving transfers of revenue and where they exist we are in the process of negotiating their abolition wherever possible. The claim that "some 80 per cent of all UK scheduled international traffic" is covered by anti-competitive arrangements is simply wrong.

Of the 103 carriers listed in the British Airways/BCal advert only 23 have revenue sharing agreements and of these 15 are required by governments. Many of these agreements are on relatively minor routes. They typically involve only a small proportion of route revenue and have little, if any, effect on competition. The presence of more than one British carrier would not affect these government requirements: all that happens is that in most cases the British effort is diluted against a powerful national carrier from the other country.

I am afraid Mr Powrie's letter indicates a common error in the present debate on the proposed merger. A great deal of his conclusions are based on outdated and probably inaccurate knowledge of the real world in which we operate today. For British aviation to be successful we must recognise the realities of the present and future and not live in the past.

(Sir) Colin Marshall.
PO Box 19, Heathrow Airport,
Hounslow, Middlesex.

Drop in steel production

From the Director, British Constructional Steelwork Association

Sir,—I would like to point out that the Organisation for Economic Co-operation and Development's forecast drop in world steel production (August 13) due to "long term reduction of the intensity with which steel is used in sectors such as construction or car manufacturing" does not reflect the situation in the construction industry of the United Kingdom. The UK constructional steelwork industry is currently buying (to fabricate into building structures) 1m tonnes per year of steel sections, plate, tubes and strip.

Demand for steel structures is at a high level and investment in modern fabrication equipment and high productivity levels means that the industry is well able to satisfy current and projected future demand levels.

After the serious recession at the beginning of the decade the steelwork fabrication industry is now in a healthy position again; the consumption of steelwork rose by nearly 30 per cent between 1983 and 1985 and has remained buoyant since. Steel's market share of the multi-storey building market has seen a dramatic increase—up from 33 per cent in 1980 to 50 per cent in 1986; the commercial and retail sectors have been increasingly buoyant and this appears set to continue.

Hence my industry intends to be a purchaser of increasing tonnages of British Steel's output!

(Dr) Derek Tordoff.
35 Old Queen St, SW1

Employee share ownership

From the Chairman, Wider Share Ownership Council

Sir,I was both fascinated and shocked to read in David Cohen's article (August 14) that boards of companies wishing to introduce employee share schemes in subsidiaries seek to bring this about by mustering enough personal investors to outvote their institutional shareholders.

Whatever the factors affecting any particular situation—and they will vary considerably from company to company—it cannot be right to pretend that there is a conflict of interests between personal and institutional shareholders. One can construct situations in which their interests might diverge; but the fundamental truth is that all shareholders are interested in the same thing, namely the maximisation of earnings per share. To pretend otherwise is to darken counsel.

This seems to me to be a classic instance of the need for a national body representing personal shareholders. Such a body would, it is fair to hope, be directed by sensible people capable of holding sensible dialogues both with the institutional shareholders committees and with the boards of the companies concerned.

Edgar Palamountain.
94 St Paul's Churchyard, EC4.

Conservation and tax

From Mr N. Erridge

Sir,—For any conservation strategy to be successful in the long term it must operate with the support and understanding of the local populace. The Nature Conservancy Council's present proposals for Caithness and Sutherland do not; indeed they threaten to severely disrupt the fragile rural economy of this area. If conservation is to compete with forestry at an economic level, it should enjoy the same fiscal incentives. Tax concessions linked to management agreements could give investors the option of conservation schemes in areas such as the Flow Country. Make conservation a "tax shelter" and it will grow with the same speed and popularity as forestry.

N. Erridge.
Achanarras Farm,
Halkirk, Caithness.

FINANCIAL TIMES

Thursday August 20 1987

Citicorp move comes as surprise to Wall St

BY JAMES BUCHAN IN NEW YORK

IT WAS only a matter of time before the US money-centre banks came to the capital markets.

Since the beginning of the summer, the largest US banking groups have gouged over $10bn out of their stockholders' equity to make provisions against problem loans in Latin America. This has left many banks with only a wafer-thin excess of assets over liabilities, the mighty Citicorp among them.

National Westminster's $820m purchase of First Jersey National from under the noses of the New York banks across the Hudson was regarded by some bankers as an embarrassing reminder of their capital constraints.

Even so, Citicorp's announcement late on Tuesday that it would tap the major world stock markets next month for $1bn in new equity took Wall Street by surprise.

The largest US banking group's cushion against loan losses amounted to only 2.7 per cent of its total assets at the end of June, while most of the other big money-centre banks were operating on equity ratios well under the 4 to 5 per cent that regulators like.

This is more than just a matter of accounting. This summer, the money-centre banks have had to watch better-capitalised foreign or "super-regional" banks pick up valuable local banking franchises in states where rules against interstate banking are being relaxed.

The Citicorp issue will be the largest in the US market for bank stocks, which will have to absorb about 70 per cent of the offer. It dwarfs the next largest, a $400m exercise by Wells Fargo to help pay for its purchase of Crocker National Bank last year. "It's a lot of bucks," said Mr Bob Walters, vice- president of Sheshunoff, a bank research service based in Austin, Texas.

In one fell swoop, Citicorp will replace about half the equity that it lost when it announced it was adding $3bn to its reserves against Third World loans in May. The issue, if it is successful, will lift Citicorp's equity ratio to 3.6 per cent, around the middle of the pack in terms of capital adequacy.

Without doubt, Citicorp was persuaded to take its second dramatic step of the summer by the strong market for its own stock in the past week. "They are taking advantage of favourable market conditions," Mr Ronald Mandle, an analyst at Paine Webber said.

In early trading yesterday, Citicorp stock fell only about 5 per cent - $3⅛ to trade at $62½ - as the market digested the implication of the issue of around 17m shares, or another 12 per cent more common stock.

TOP US BANKS' EQUITY RATIO SECOND QUARTER 1987

J.P. Morgan	5.96
Bank of Boston	5.02
First Bank System	4.71
Continental Illinois	4.69
First Interstate	4.46
Bankers Trust	4.12
Security Pacific	3.86
Wells Fargo	3.75
Mellon Bank	3.30
First Chicago	3.28
Chase Manhattan	2.98
Chemical Bank	2.82
Citicorp*	3.60
Mfrs Hanover	2.36
BankAmerica	2.33

*Year end 1987; source: Company Reports

The price might have fallen further because the new shares, which will also be offered in London and Tokyo by underwriting groups led by Merrill Lynch Capital Markets, will reduce the share of Citicorp's earnings for current shareholders by 7 per cent. However, Citicorp sweetened the pill by announcing the equivalent of a stock split, which tends to be popular with US shareholders.

But the markets' appetite for the new Citicorp shares next month will be watched with intense interest by the other leading banks, who were forced to scramble into line behind the largest banking group when Mr John Reed, the Citicorp chief executive, announced his drastic reappraisal of the worth of Third World loan assets in May.

BankAmerica, the worst capitalised of the major banks, is regarded as incapable of raising straight equity funds because of its poor loan quality. However, Japanese institutional investors have apparently agreed to provide about $350m in subordinated capital.

Brazil strike leaders face uphill struggle

BRAZIL'S TWO trade union federations will today struggle to bring out their members for a 24-hour general strike in protest against the decline in workers' real incomes, writes Ivo Dawnay in Rio de Janeiro.

Yesterday senior officials were already predicting that the stoppage was likely to be disjointed and poorly supported. Despite inflation's erosion of salaries, estimated at some 30 per cent this year, organisers have encountered widespread scepticism among workers over the impact of industrial action.

A pre-strike rally in Rio de Janeiro on Tuesday succeeded in gathering just 500 protesters. And in Sao Paulo, the giant metalworkers federation announced that it had called off its backing for the action.

Much will depend on the success union organisers have in persuading public transport workers to halt buses and underground trains, thereby impeding commuters. However, the highly organised bank employees unions have reported little enthusiasm among members

Some union leaders have claimed that, while the strike is unlikely to be widespread in the main industrial centres of Rio and Sao Paulo, a strong response is anticipated in the poorer north-east region.

Ivo Dawnay explains how business and the unions almost united

A grassroots revolt in trouble

A GRASSROOTS uprising by both capital and labour against a ubiquitous, profligate government might seem the stuff only Professor Milton Friedman's dreams are made of. Last month in Brazil it appeared to be happening.

In a move that seemed to take even its perpetrators by surprise, leading members of Sao Paulo's business establishment held a series of meetings with senior trade union figures to discuss their common enemy - the state.

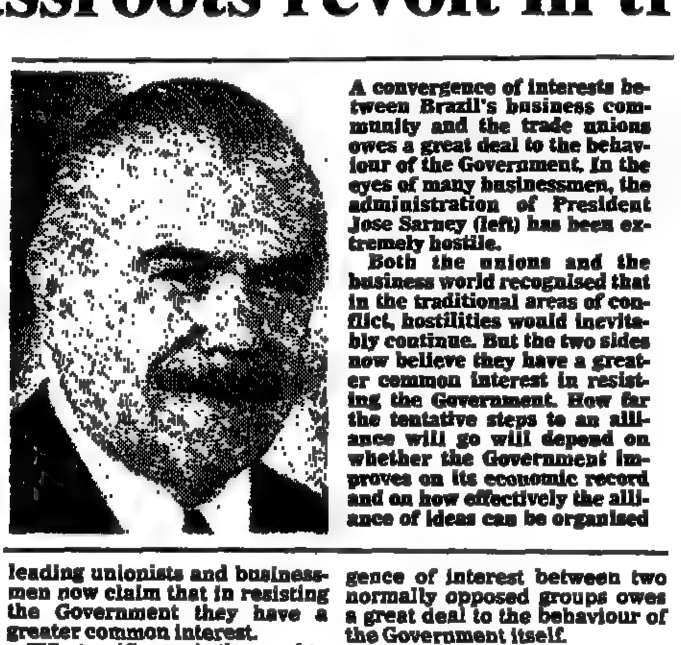
The initiative came from Mr Mario Amato, the 68-year-old president of the state's powerful industrialists' federation, Fiesp. But the call was taken up with remarkable enthusiasm by the unionists, many of whom less than six months earlier had refused to sit down with business to discuss a new social pact on wages.

Now the near-certainty that today's 24-hour general strike will be a failure serves only to emphasise that, in certain key respects, the Brazilian union movement and the country's business community need to unite rather than fight.

The rationale behind the July meetings was that the interventionism of the federal government was disrupting free collective bargaining, that its failure to tackle its own inefficiency and waste was a key element in the losing battle with inflation and that both groups had a vested interest in fighting for a fortified private sector and a slimmer national administration.

For several commentators the *rapprochement* suggested that Brazil's slow transition to democracy was happening more rapidly in the real world far away from Congress and the old vices of paternalism, job reservation and favouritism that characterise political life in Brasilia.

Both sides recognised that in the traditional areas of conflict - wages and conditions of work - hostilities between them would inevitably continue. But many leading unionists and businessmen now claim that in resisting the Government they have a greater common interest.



A convergence of interests between Brazil's business community and the trade unions owes a great deal to the behaviour of the Government. In the eyes of many businessmen, the administration of President Jose Sarney (left) has been extremely hostile.

Both the unions and the business world recognised that in the traditional areas of conflict, hostilities would inevitably continue. But the two sides now believe they have a greater common interest in resisting the Government. How far the tentative steps to an alliance will go will depend on whether the Government improves on its economic record and on how effectively the alliance of ideas can be organised

"What unifies us is the need to rebel against the Government," says Mr Luiz Antonio Medeiros, president of the 370,000-strong Sao Paolo unionists. "It has no credibility and is institutionally corrupt.

"I don't mind paying taxes if I know how they are being spent. But workers' social and pension payments are simply being poured into the chasm with no accountability for how they're spent. Certainly they are not coming back to us in benefits."

For his part, Mr Amato argues that it is in the interest of business to meet the demands of workers for better social provision which 40 years of strong, centralist government and formidable economic growth have lamentably failed to achieve.

"The Government must be advised, pressured, pushed to change. Business has not got enough power to do it alone," he argues. They were saying to the unions "what we agree about let's fight for together. Where we disagree, we'll negotiate."

This extraordinary convergence of interest between two normally opposed groups owes a great deal to the behaviour of the Government itself.

In many businessmen's eyes, the administration of President Jose Sarney has been extremely hostile. Last year, when imbalances generated by the Cruzado Plan price freeze became unsustainable, Brasilia repeatedly accused the business community of a lack of patriotism.

When Mr Amato warned that companies' losses might force illegal price rises in an act of civil disobedience, Mr Sarney himself accused the Fiesp president of acting like the Russian revolutionary, Bakunin. But it was never acknowledged that continuation of the freeze was an economic absurdity, being prosecuted for the cynical political objective of winning the November elections.

For labour too, the Government has not proved able to deliver on its public commitment to real improvements in pay and the redistribution of wealth. Some labour statisticians now estimate that the purchasing power of the average worker is at a 10-year low.

How far the tentative steps to an alliance between the social partners will go will depend for a large part on whether the Government improves on its economic record. But another key factor will be how effectively the alliance of ideas that occurred in Sao Paulo last month can be organised into a successful political campaign.

The belief that the Government must work harder to reduce its deficit is now commonplace. Indeed, this week even the administration's own budget director said not enough was being done to meet a borrowing requirement target of 3.5 per cent of gross domestic product.

But within the union movement there are many shades of opinion as to how far any consensus with industry can be taken. Some leaders like Mr Antonio Rogerio Magri, of the electricians' union, believe in nothing less than the adoption of modern, deregulated capitalism and privatisation. "A strong private sector means strong unions."

Others like Mr Jair Meneguelli of the strongly socialist CUT confederation are much more reserved, while still supporting a great part of the Fiesp analysis.

Business itself has mixed views too. For though a majority accept the Amato view, some larger companies with close ties to the Government and near monopoly interests see collaboration with the politicians as a more lucrative course.

If nothing else, the Fiesp meetings have at least helped put the issue of the state - its efficiency and its role - into the centre of the political debate. Many believe that the future of Brazil's embryo democracy may depend on what conclusions are reached.

"The choice," says Professor Helio Jaquaribe of a Rio political studies think tank, "is between a primitive Brazil and a modern one. The only alternative to reform is a return to authoritarianism."

Texas Air to buy 16 aircraft in Europe

By Michael Donne, Aerospace Correspondent, in London

TEXAS AIR, the US airline conglomerate, is to buy 16 Franco-Italian ATR-42 twin-engined turbo-prop airliners, with 34 more on option, worth in all over $400m for delivery starting this October.

The decision is likely to intensify the battle between the world's major manufacturers of short-haul aircraft in what is broadly classified as the "regional", "commuter" or "feeder-liner" market.

The ATR-42 is a 42-50 passenger aircraft built by Avions de Transport Regional, jointly owned by Aerospatiale of France and Aeritalia of Italy. Its two turbo-propeller engines are supplied by Pratt & Whitney of Canada.

The aircraft, like others in the regional or feeder-liner class, is designed to operate local services between small communities, or to link such places with bigger "hub" type airports providing longer-distance services with bigger aircraft.

The pattern of development in the US airline industry in recent years, following deregulation some time ago, has been for the bigger airlines not only to merge and become "mega-carriers", but also to acquire many of the smaller operators to serve as "feeders" to the big hub airports.

Texas Air, headed by Mr Frank Lorenzo, is a classic example of this growth pattern.

It is now the biggest airline conglomerate in the western world, carrying a total of over 85m scheduled passengers a year.

The Texas Air fleet, before this latest acquisition, totalled over 240 aircraft, from Boeing 747 jumbo jets to McDonnell Douglas MD-80s.

BAe cancels missile deal with Royal Ordnance

By David Buchan in London

BRITISH AEROSPACE has cancelled its contract with its new UK subsidiary of Royal Ordnance for production of the motor for the Alarm missile produced for the British and Saudi Arabian air forces. BAE is instead to place the missile motor contract with Bayern Chemie of West Germany.

BAe has also asked the Ministry of Defence to renegotiate its original 1983 contract to supply the Royal Air Force with 750 Alarm anti-radar missiles, to take account of delays and costs incurred in switching the motor contract.

The ministry said yesterday it would not comment until it had finished evaluating BAe's proposals on Alarm. Any renegotiation is circumscribed by the agreement, reached when BAe bought RO from the Government, that neither the ministry nor BAe would claim damages or penalties from each other over the Alarm project.

The cancellation of RO's subcontract on the Alarm motor, disclosed in today's The Engineer magazine, had been expected.

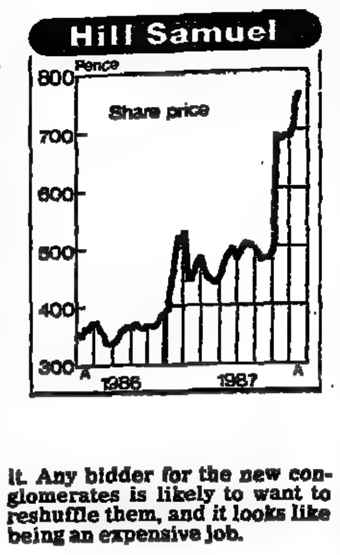
Even 18 months ago BAe spotted RO's problem in making the complicated Nuthatch motor work properly as the missile launched, identified and hit radar targets.

In early 1986, therefore, BAe began to fund work on another, apparently simpler motor with Bayern Chemie, a subsidiary of Messerschmidt-Bolkow-Bloehm (MBB), which also makes the Alarm's warhead.

RO said yesterday that work on the Nuthatch, would be used in the company's other rocket motor business

THE LEX COLUMN

Hill Samuel back in play



The restructuring of the City seems to be resolving itself into a two-stage process. Stage one - slapping together brokers, jobbers and banks - was hit-and-miss, but simple. The collapse of the UBS/Hill Samuel deal suggests that stage two - sorting out who should own the new conglomerates - is a jigsaw puzzle of quite a different order.

The Hill Samuel case, to be sure, has some special features. Hill Samuel is unusually complex and diverse for a merchant bank, and it is perhaps unsurprising that UBS should at last have reverted to its original position of wanting only parts of the business. Given that Swiss banks are not habitually dealmakers in the British & Commonwealth mould, it was perhaps also to be expected that UBS would be unwilling to warehouse the unwanted bits until buyers were found.

This version of events leaves some questions unanswered, and shows Hill Samuel as at best naive in allowing the departure of a talented chief executive over a promise which proved unfulfilled. And since the bank is now thrown back on arguing that it has an independent future, it is in the awkward position of apparently endorsing Mr Castleman's original contention.

The argument for independence could be defended, particularly if the meagre capital employed in equity market making is seen as a rational acceptance of the fact that Wood, Mackenzie's days in the big volume equity league are over. But the 26 per cent shareholding in Australian hands points inexorably to a fresh bid, and even after slumping 109p yesterday to 654p, Hill Samuel's shares stood nearly 40 per cent above their level before the UBS talks were announced.

As to a bid price, the difficulty of absorbing such a complex organism might now suggest a discount to the 800p or so talked about in the case of UBS. But, say the optimists, it could also suggest a premium, if the only way round the difficulties is to ensure the good will of those in the business by paying up.

Yesterday, at least, the pessimists were winning, with sharp falls in the shares of the more vulnerable-seeming banks such as Morgan Grenfell and Kleinwort Benson. But then, if there is no agreement on the way Big Bang is headed, there can be no agreement on how best to meet it. Any bidder for the new conglomerates is likely to want to reshuffle them, and it looks like being an expensive job.

W H Smith

What a turn up for the books. It would have taken a brave retailing analyst to predict 12 months ago that W H Smith would soon be one of the few bright sparks in an increasingly gloomy sector. Luck and judgment have played an equal part. The vagaries of consumer spending have certainly smiled upon Smith's increasingly attractive leisure portfolio, while frowning on much else. But the management seems to have shaken off its accident prone aura, and tighter financial controls have held in costs (and provided a lower than expected interest charge) despite a bloated depreciation charge.

The 20 per cent-plus annual earnings growth looks comfortably sustainable, especially as the US is hardly pulling its weight yet, while technology and the changing merchandise mix look set to keep margins edging up. The margin improvement just reported was achieved despite a creditable enough standstill in newspaper wholesaling, and although market share improvements are a little blurred there will be more to come in the fragmented record retailing sector. Even the modest plans for the £69m realised from Book Club Associates now look sensible beside the sector's acquisitive fallen angels, and much of it will in any case be needed to stay cash positive. Given Smith's defensive qualities the rerating ought to have some way to go.

Citicorp

Citicorp has lobbed another bombshell into the nervous US banking community with its $1bn common stock offering. Just three months after it effectively wrote off a quarter of its troubled Third World loans - setting a standard which its rivals could not afford to ignore - it is jumping to the front of the bidden capital raising queue with a demand which will reduce the amount available for other hard-pressed US banks.

Citicorp badly needs the money and even after the infusion its common equity to assets ratio of 3.6 per cent will still be way below that of a blue-chip bank like J.P. Morgan and only marginally higher than the 3.45 per cent average for the top 11 US banks. Not surprisingly, J.P. Morgan was one of the few bank shares to rise in early trading yesterday as Wall Street digested the implications of the move.

There will be many bankers who are secretly hoping that the Citicorp issue will flop. However, there were also rumours yesterday that Citicorp has another trick up its sleeve, such as a spinoff of its Mexican loans, which it will unveil to whip up support on the eve of the September offering.

That said, even Citicorp must be slightly humbled by the reception accorded the only marginally smaller common stock offerring announced this week by Japan's Dai-Ichi Kangyo Bank. Its shares, which are trading on a historic earnings multiple of 81, rose on the news. Meanwhile, there are many US analysts who are of the opinion that Citicorp's shares are expensive on a multiple of eight times next year's earnings.

Markets

Perhaps today's money supply figures will answer the question still being posed in the markets - why were interest rates forced up two weeks ago? Since domestic monetary conditions were cited as the reason, evidence for concern ought to show up somewhere in the numbers. Alternatively, these statistics might, like the others lately, turn out to contain nothing too frightening, leaving the market just as puzzled. Next question: the FT-SE 100 index closed last night 10.1 per cent off its record high - was that the correction?

Canadian outlook good

Continued from Page 1

around 4 per cent as a result of the rapid decline in US inflation.

But the report gives warning that Canada failed last year to bring inflation down in line with other OECD countries, so further efforts will have to be made to keep prices from accelerating now that US inflation has started to rise again.

While the US dollar may remain an appropriate indicator, and control of short-term interest rates by the Bank of Canada the most efficient policy instrument, the Canadian dollar may have to rise against its US counterpart when the US inflation rate reaches Canada's level.

"If the monetary authorities want to maintain credibility, a gradual appreciation of the currency may be required and would not in all circumstances imply a tightening of monetary policy," the report says.

The room for manoeuvre in lowering domestic interests remains narrow, however.

The OECD welcomes the two-phase tax reform programme announced by the Government in June, which aims to reduce tax rates but broaden the base on which taxes are levied.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	81	Dubrovnik	S	27	81	Malta	F	29	84	Rhodes	S	27	81
Algiers	S	31	88	Edinburgh	F	18	66	Manchester	F	20	68	Rio de Je'o	S	23	73
Amsterdam	F	20	68	Faro	S	30	86	Manila	S	34	93	Rome	S	28	82
Athens	S	29	84	Florence	F	33	91	Melbourne	C	14	57	Salzburg	S	21	70
Bahrain	S	37	99	Frankfurt	F	23	73	Mexico City	S	27	81	San Francisco	C	21	70
Bangkok	S	33	91	Funchal	S	24	75	Miami	R	34	94	Seoul	C	29	84
Barcelona	S	28	82	Geneva	S	24	75	Milan	S	30	86	Singapore	F	31	88
Beirut	-	-	-	Gibraltar	D	26	79	Montreal	R	23	73	Stockholm	C	18	64
Belfast	C	18	64	Glasgow	C	18	64	Moscow	R	12	54	Strasbourg	S	26	79
Belgrade	F	26	79	Guernsey	C	18	64	Munich	F	22	72	Sydney	D	15	59
Berlin	D	19	66	Helsinki	F	18	64	Nairobi	S	26	79	Taipei	C	35	95
Biarritz	S	26	79	H. Kong	S	31	88	Naples	S	31	88	Tangier	S	30	86
Bombay	R	27	81	Innsbruck	F	23	73	Nassau	R	33	91	Tel Aviv	S	29	84
Bordeaux	S	28	82	Inverness	F	17	63	New Delhi	F	34	93	Tenerife	S	30	86
Brussels	F	21	72	Islamabad	S	42	108	New York	R	28	82	Tokyo	C	28	82
Budapest	F	24	75	Istanbul	S	25	77	Nice	S	29	84	Toronto	R	19	66
B. Aires	C	19	60	Jakarta	S	34	93	Nicosia	S	39	102	Tunis	F	32	90
Cairo	S	32	90	Jersey	F	23	73	Oporto	S	23	73	Valencia	S	32	90
Cape Town	S	19	66	Jo'burg	S	21	70	Oslo	S	21	70	Venice	S	28	82
Caracas	C	28	82	Lima	-	-	-	Paris	S	25	77	Vienna	F	23	73
Casablanca	S	30	86	Lisbon	S	30	86	Peking	C	28	82	Warsaw	R	17	63
Chicago	S	27	81	London	C	23	73	Prague	F	22	72	Washington	F	26	79
Cologne	C	20	68	Los Angeles	C	30	86	Reykjavik	F	11	52	Zurich	S	23	73
Copenhagen	C	17	63	Luxembourg	C	19	66								
Corfu	S	29	84	Madrid	S	33	91								
Dallas	S	26	79	Majorca	S	30	86								
Dublin	F	21	70	Malaga	S	30	86								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

UK group again in Manpower talks

BY PHILIP COGGAN IN LONDON

BLUE ARROW, the fast-growing British recruitment group, and US-based Manpower, the world's largest employment agency, were yesterday discussing an agreed merger, although conflicting statements from the two indicate that a deal is far from certain to be concluded.

Blue Arrow launched an ambitious $1.2bn bid for Manpower on August 4, financed by the UK's largest-ever rights issue of £837m. Manpower issued a statement rejecting the $75 per share cash offer last weekend.

Behind the scenes, Manpower has been working hard to find an alternative to the bid. A "poison pill" defence, a substantial acquisition or a "white knight" have been the three options most frequently mooted.

Yesterday's statements indicate that Manpower has not given up hope of an escape route, but Blue Arrow talked of the likelihood of an increased offer "if the negotiations are successfully consummated." Manpower said that, as well as talks with Blue Arrow, it was also engaged in preliminary negotiations with other parties which might lead to an acquisition or a business combination.

Mr Mitchell Fromstein, Manpower's president and chief executive, added in a Delphic utterance that "discussions with Blue Arrow have not reached the point where discussions are related to any change in the price of the tender offer."

It seems likely that Manpower has now rejected a "poison pill" defence, which would involve the issue of substantial amounts of extra equity. Analysts believe that arbitrageurs own as much as 40 per cent of Manpower stock and they would be unlikely to support such a scheme. Yesterday, Bear Stearns, a Wall Street arbitrage specialist, announced that it held a 5 per cent stake in Manpower.

If Manpower fails to find an alternative to the Blue Arrow bid, it is likely to push hard for the retention of Mr Fromstein and the rest of the top management. Manpower is also believed to want an offer price nearer $85 per share.

Blue Arrow has, after costs, around £20m of the rights proceeds available to increase the bid and County NatWest is providing a loan facility of $300m, part of which could be used to finance an improved offer.

FINANCIAL TIMES
Thursday August 20 1987

Consolidated Gold Fields rejects Newmont talks

BY CLAY HARRIS IN LONDON

CONSOLIDATED Gold Fields, the London-based mining and industrial materials group, yesterday rejected Mr T. Boone Pickens' request for talks about the future of Newmont Mining, the US gold and energy company of which Gold Fields is the single largest shareholder with a 26 per cent stake.

Ivanhoe Partners, an investor group led by the Texas oilman's Mesa Limited Partnership, had asked for the meeting after raising its stake in Newmont to 9.95 per cent.

In spurning Mr Pickens' approach, Mr Rudolph Agnew, Gold Fields chairman, said his company strongly supported Newmont management.

The refusal appears to have taken much of the steam out of any effort by Mr Pickens and his associates to "greenmail" Newmont.

Newmont shares were $2¾ lower at $90⅝ in early trading in New York yesterday, giving the company a market capitalisation of more than $5.3bn.

Under Newmont's articles of association, a stake of 20 per cent is sufficient to block any divestment or demerger. So long as Gold Fields remains loyal, Newmont would be able to prevent an unfriendly effort to pry away any of its activities.

The 20 per cent rule, moreover, gives Newmont or Gold Fields little incentive to pay over the odds to buy out the Ivanhoe stake, even though the Pickens group's latest share purchases released Gold Fields from its commitment not to raise its holding in Newmont above one third before 1993.

Although Gold Fields supported Newmont's independence and had no wish to seek control of it, Mr Agnew promised any action necessary "to prevent anyone from interfering with the success Newmont is achieving or otherwise damaging our interest."

One such threat could be if Ivanhoe appeared likely to raise its own stake to an obstructive 29 per cent. Although Newmont has largely completed the sale or flotation of several loss-making activities, it is now poised to acquire new operations.

It would add these to its US and Australian gold mines, gas and oil interests in the Dutch North Sea and off the Louisiana coast and majority holding in Peabody, the world's largest private sector coal producer.

Gold Fields said Ivanhoe had sought to discuss "alternatives for advancing the objectives of all parties." These included possible restructuring or Ivanhoe gaining control of Newmont.

Although Mr Pickens has been rumoured to be interested in Peabody, another member of Ivanhoe, Vancouver-based Galactic Resources has the most obvious industrial interest in Newmont.

Gold Fields first bought shares in Newmont in 1981 and has spent a total of $518m for a stake now worth nearly $1.4bn. Ivanhoe paid about $82 a share for its initial 9.1 per cent stake, with additional shares being bought last week at prices up to $84½.

Gold Fields of South Africa results, Page 24

Hewlett Packard sales and profits rise

By Louise Kehoe in San Francisco

HEWLETT-PACKARD, the US electronics and computer manufacturer, reported a sales and earnings increase for its third quarter and said it was about to begin shipments of a new range of business computers that represent a critical element of Hewlett's competitive strategy.

Net earnings for the third quarter were up 20 per cent to $148m, or 57 cents per share from $123m, or 48 cents per share in the same period last year. Revenues totalled $2.054bn compared with $1.794bn, with international sales growing 19 per cent to $1bn.

Orders for the quarters were up 21 per cent over the same period of 1986.

"The continuing growth in overall order levels is encouraging, particularly in the US. These domestic gains correspond to a steady computer industry recovery and a pickup in capital equipment spending," said Mr John Young, president.

He added that despite good shipment levels, the backlog increased by about $200m during the period. "For the fourth quarter, our goals will be to sustain order growth, control expenses and accelerate the process of converting our sizable order backlog into shipments."

Shipments of Hewlett's Precision Architecture systems for business applications – the Hewlett 3000 Series 930 – will begin next week, Mr Young said. Deliveries had previously been delayed by a software problem.

The Precision Architecture, first announced 18 months ago, is gradually being implemented throughout Hewlett's computer product range.

For the nine months ended July, revenues were $5.811bn, up 12 per cent. Net earnings were ahead 19 per cent to $428m.

Asea suffers 11% drop in first-half earnings

BY KEVIN DONE IN STOCKHOLM

ASEA, the Swedish electrical engineering group which is planning to merge with BBC Brown Boveri of Switzerland, suffered a fall in profits (after financial items) of 11 per cent in the first six months of the year to SKr1.15bn ($235.5m) from SKr1.29bn a year earlier.

Group sales fell 3.7 per cent to SKr22.18bn from SKr23.04bn, but new order bookings showed an increase of 15 per cent to SKr28.59bn from SKr24.94bn.

Orders booked outside Sweden accounted for 67 per cent of the total compared with 72 per cent a year earlier.

Asea said that the decline in both profits and sales reflected the invoicing in the first half of 1986 of a Swedish nuclear power station.

The group said that profits in the second quarter were 17 per cent higher than in the corresponding quarter of 1986, and it forecast earnings for the full year at "approximately the same level as in 1986" at around SKr2.5bn.

According to detailed interim results released yesterday the group said that the earnings of its power transmission business segment, which plunged into operating losses of SKr183m last year, had "improved significantly."

The group was hit last year by substantial costs and reserves for technical problems that arose with transformers in the Itaipu hydro-power project in Brazil. Operating earnings in power transmission in the first half of 1987 totalled SKr232m compared with SKr106m in the first half of 1986.

The group's industrial equipment segment fell into loss in the first half, however, with an operating deficit of SKr28m compared with a profit of SKr66m a year ago, owing to the poor performance of the metallurgical industry and automation business areas.

Asea's earnings before allocations and taxes fell to SKr1.14bn in the first six months from SKr2.19bn a year earlier, when profits were inflated by extraordinary capital gains from the sale of some power utility operations.

Net income per share for the first six months this year fell to SKr10.10 from SKr11.10 a year earlier and declined in the last 12 month period to SKr18.60 from SKr22.10.

Navistar boosted by special tax gain

By Our New York Staff

NAVISTAR INTERNATIONAL, the Chicago-based heavy truck maker, has reported third-quarter net income of $30.6m, or 9 cents per share. This marks a gain from $5.4m, or 1 cent a share, in the third quarter last year, largely due to a tax gain of $14.2m, or 5 cents a share.

The company's per share income figures for the third quarter, which ended on July 31, were also affected by the difference in the amount of shares outstanding which rose this year to 260m from 128.9m in the same 1986 period. Sales for the period rose to $791.1m from a level of $762.5m in the 1986 third quarter.

In the first nine months of the year, Navistar made a net loss of $21m, or 17 cents a share, compared with net income of $52m, or 30 cents a share in the same period last year.

This year's figures were depressed by a charge of $112.9m from the redemption of four high coupon debt issues before maturity. Sales for the nine months increased to $2.53bn from $2.48bn in the same period last year.

The company said truck shipments at 2.5m for the nine months, increased 4 per cent over the same period last year.

Strong advance at Toys 'R' Us

BY DEBORAH HARGREAVES IN NEW YORK

TOYS "R" US, the largest US speciality toy retailer, yesterday reported an increase in second-quarter net earnings to $16.65m, or 13 cents a share, from $13.06m, or 10 cents a share in the year-ago period.

Sales for the three months, which ended on August 2, rose to $516.6m from last year's $426m in a weak period for the toy industry, the company said.

Toys "R" Us has managed to boost sales by an aggressive pricing policy, according to Wall Street analysts who have forecast earnings per share for the company of $1.50 for the full year.

The company produced first-half net income of $31.17m, or 24 cents per share, on sales of $990.6m compared with a profit of $23.40m, or 18 cents a share on sales of $794.4m in the 1986 first half.

Toys "R" Us is in the middle of a store expansion programme which includes strengthening its growing international presence by adding another 13 stores to its 24 overseas outlets.

New World raises offer for Kenner

BY OUR NEW YORK STAFF

NEW WORLD Entertainment, the Los Angeles-based entertainment group, yesterday increased its cash offer for Kenner Parker Toys, being made through New World's Marvel cartoon and comic book subsidiary, to $47 a share.

The bid has been raised from a previous $41 per share and is closer to Kenner's current market price, which increased by $2¼ by midday to $49⅞. The offer, worth some $545m, is the latest in New World's attempt to acquire Kenner Parker which began on June 12 when the company disclosed plans to buy more than $15m of Kenner stock.

Kenner has resisted the takeover attempt and initially obtained a temporary restraining order from a Massachusetts court barring the offer, but this has since been lifted.

New World called on Kenner yesterday to refrain from further action in the courts to prevent it from presenting its offer to the company's shareholders. In a letter to Mr Ronald Jackson, Kenner president, New World also said it did not expect Kenner's board to use its poison pill to discriminate against any bidder.

Salomon Inc denies buyout

SALOMON INC managing director Mr Robert Salomon yesterday said there was no truth to market rumours that the brokerage house will be subject to a leveraged buyout, takeover or restructuring.

Traders said rumours that the company was considering a leveraged buyout circulated yesterday and Tuesday.

"There's no truth to the rumours of a strategic alliance or going private," Mr Salomon said.

Lucky Stores ahead

By Our Financial Staff

LUCKY STORES, the California retail chain which this week announced plans to sell its 105 Eagle Food Stores in the Midwest, boosted net operating profits 64.3 per cent to $25.8m in the second quarter which ended on August 2.

The rise, from $15.7m, excluded a $4.26m gain from discontinued operations which helped bring final earnings per share to 78 cents against 30 cents – Lucky has also contracted its shareholder base by nearly a quarter through repurchases over the past year.

Sales for the latest three months were up $200m to $1.75bn.

Campeau down sharply but remains optimistic

BY ROBERT GIBBENS IN MONTREAL

CAMPEAU, the Canadian property group which last year bought Allied Stores of the US for C$3.6bn, has reported substantial losses for the second quarter and first half of 1987 but indicated a possible turnround in the second half.

The company said the first-half loss from continuing operations was C$85.8m (US$64.5m) compared with net profits of C$22.5m or $1.02 a share a year earlier. Revenues were C$1.9bn against C$141.7m, the increase coming from the inclusion of Allied Stores.

The first half was adversely affected by seasonal factors in Allied Stores and high financing costs for the acquisition. Campeau also made a write-off of C$61.8m covering the 16 retail divisions of Allied Stores being disposed of. About 13 divisions have been sold already. The second-quarter loss was down substantially from a year earlier.

Property revenues, mainly from Canada, were up 20 per cent to C$126m.

Campeau has just raised C$264m by an issue of units comprising subordinate voting shares and convertible debentures.

This announcement appears as a matter of record only

KYMMENE CORPORATION

Finland,

through

CALEDONIAN PAPER plc

Irvine, Scotland,

is investing a total of £215 million in a greenfield LWC paper mill to be located at Irvine, Scotland.

KYMMENE CORPORATION

Kymmene Corporation is a leading Finnish company in the international forest industry, and specialises in the production of magazine paper and fine paper.

The former is used for magazines, direct mail and sales catalogues, one grade being Lightweight Coated paper "LWC."

Uncoated fine paper is used for printing, writing and drawing, and coated fine paper, amongst other things, is used for books and catalogues in high quality printing.

With annual turnover of £900 million and a market capitalisation of £1,100 million, Kymmene is one of the biggest industrial companies in Finland.

CALEDONIAN PAPER plc

Caledonian Paper plc, a member of the Kymmene Group, was established in March 1987 for the purpose of operating a new LWC paper mill.

The mill is due to commence production in the Spring of 1989, creating over 400 jobs in the Irvine area in Strathclyde.

It is the first LWC paper mill to be built in the UK, and is suitably located for Scotland's timber, water and electricity resources. The expected output of 170,000 tonnes per annum will service a growing UK demand for LWC paper, and selected export markets.

This announcement appears as a matter of record only.

£141,000,000 Lease Finance for

CALEDONIAN PAPER plc

(a wholly owned subsidiary of the Finnish company, the Kymmene Corporation).

Lloyds International Leasing Limited has contracted to provide the finance for the plant and machinery to be installed in Caledonian Paper plc's new papermill at Irvine in Scotland. The equipment will cost £141m and is scheduled to be installed and commissioned by 1990.

Lloyds Leasing

A wholly owned subsidiary of Lloyds Bank Plc.

Caledonian Paper plc

Scotland

a subsidiary of

Kymmene Corporation

Finland

has arranged a

£141,000,000

18 year lease facility

with

Lloyds International Leasing Limited

Citicorp Investment Bank Limited

acted as financial advisor to

Kymmene Corporation

August 1987

CITICORP INVESTMENT BANK

This announcement appears as a matter of record only

£187,000,000

Guarantee Facility

CALEDONIAN PAPER plc

Guaranteed by

KYMMENE CORPORATION

Arranged and Lead Managed By

UNION BANK OF FINLAND LTD

Managed By

Postipankki (U.K.) Limited

Provided By

Union Bank of Finland Ltd
Lloyds Bank Plc
Citibank N.A.
Swiss Bank Corporation
Creditanstalt-Bankverein
Bank of Scotland
Midland Bank PLC
Scandinavian Bank Group Plc
Postipankki
Barclays Bank PLC
Skandinaviska Enskilda Banken
The Royal Bank of Scotland plc
Westdeutsche Landesbank Girozentrale
Credit Lyonnais
Postipankki (U.K.) Limited
Svenska Handelsbanken Group
TSB Scotland plc

Agent

UNION BANK OF FINLAND Ltd

LONDON BRANCH

August 1987

INTERNATIONAL CAPITAL MARKETS and COMPANIES

SBCI launches $100m bond without underwriters

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

SWISS BANK CORPORATION, taking the view that the downward correction seen in dollar bond markets had essentially run its course, yesterday made a $100m two-year bond issue with neither co-managers nor underwriters.

Swiss Bank Corporation International bought the 8 per cent issue, as sole manager and priced it at 101 to give a thin margin of 21 basis points over US Treasuries. The bank has never used co-managers on its own dollar issues, but this was the first time that it had dispensed with underwriters.

Many people in the bond market believe that traditional co-management and underwriting structures have become outdated, but few houses feel confident enough of their market position and placing power simply to post an issue and offer other houses the ability to participate if they wish.

SBCI's task and risk were reduced by the fact that the issue was for a very short maturity and for its own parent.

Mrs Carol Barazzone, SBCI executive director, explained that the underwriting process offered banks an option to buy bonds but gave them three or four days to decide whether to accept. "If we leave the underwriting open, we don't know what our risk is."

SBCI was offering the bonds in the market at one point below issue price, compared with 1⅞ per cent total fees.

The issue came as the Eurodollar bond market steadied at levels about ½ point lower following Tuesday's sharp decline.

In West Germany, D-Mark bond prices opened higher on the dollar's fall and then fluctuated in active business in line with currency market movements to end about ½ point higher with some retail demand reappearing.

Several bonds were issued to take advantage of investors' desire for high coupons.

Citicorp Investment Bank sought to tempt investors in European Currency Units with another effervescent name. Pepsico's Ecu 100m issue, with a three-year life, 7¾ per cent coupon and 101½ price, was being bid at a discount equal to the fees.

The New Zealand dollar sector also saw two issues for bank names—perhaps overtaxing the retail base for the sector at least in the immediate term.

First on the scene was a NZ$60m three-year issue for National Westminster Bank, launched by County NatWest with a 17 per cent coupon and price of 101⅞.

This issue was not helped by the emergence of Credit Lyonnais Canada's NZ$60m three-year issue, led by Credit Suisse First Boston with a 17½ per cent coupon and price of 101½. The more generous terms made for a more favourable initial reaction than for NatWest's, though County pointed to NatWest's superior credit rating.

In the dollar sector, two bonds-with-warrants deals were launched. Nomura International brought Ishihara Sangyo Kaisha, a maker of titanium oxide, for a $50m five-year issue with an indicated coupon of 3½ per cent and par pricing. Nikko Securities led an identical issue for Shimano Industrial, a maker of bicycle components and fishing tackle.

Nikko also made a $200m five-year issue, priced at par with interest set 23 basis points above Libor, repackaging equiyt - warrant Eurobonds through CIVAS 4, a special purpose vehicle.

Hoogovens suffers first-half deficit

By Laura Raun in Amsterdam

HOOGOVENS, the Dutch steelmaker, plunged into the red with a loss of Fl 68.5m ($33m) for the first half of 1987 compared with a Fl 106.5m profit a year earlier.

The company expects to suffer a loss for all of 1987 although the second-half deficit is predicted to narrow from the first half. Some recovery in selling prices for rolled steel and aluminium products already has begun to appear but extraordinary costs, notably for reducing the workforce, will leave the net results negative.

Hoogovens already had warned that sharply lower selling prices, depressed by the weaker dollar, plus declining sales volume probably would result in a loss for the first six months of 1987.

Operating results swung into the red with a negative Fl 9.3m compared with a profit of Fl 283m in the year-earlier period. While costs of raw materials and energy fell 8 per cent to Fl 2.7bn the decline in turnover was much greater.

Revenue dropped 16 per cent to Fl 2.7bn from Fl 3.2bn on lower production of raw steel and rolled products. Output of primary aluminium and products improved.

Most of the first-half losses were blamed on the steel division, which operated below capacity due to the production glut in Europe. The aluminium division also was in the red although output expanded due to the start-up of a cold-rolled factory.

Hoogovens said that negotiations with Kaiser Aluminum of the US over the purchase of its European operations are nearing completion. The talks have dragged on longer than the Dutch company expected when talks began six months ago.

Haig Simonian on Frankfurt's moves towards futures markets

Germans plan Swiss-style trading

THE PROSPECT of a new financial futures and options market in West Germany moved one step closer this week with the decision by a committee of the Frankfurt Stock Exchange to commission Arthur Andersen, the international accounting and consultancy group, to prepare a "conceptual study" by the end of the year giving a precise plan of how to set up the new exchange.

The report, costing DM 600,000 ($325m), follows the submission last month of a 33-page "project definition study" by Arthur Andersen which showed strong domestic interest in a new exchange. Equity options would be traded first, followed by options on bonds and indices. Futures contracts on all three would follow later.

The study, based on interviews with banks, insurance companies, investment funds and industrial groups, concluded that there was undoubtedly demand for a new financial futures and options market. Merely extending the present limited system of non-traded equity options would not be enough.

Most important, the study confirmed that the planned "Goffex" (German Options and Financial Futures Exchange) could use the software already developed for Soffex, the Swiss Options and Financial Futures Exchange, which is due to open next March.

Soffex is a fully automated computer-based exchange, rather than a physical trading floor, giving dealers linked to its computers access irrespective of their location. Yesterday, the options committee of the Frankfurt bourse, chaired by Mr Rolf Breuer of Deutsche Bank, flew to Zurich to see a Soffex simulation.

The big three Swiss banks and bourses, which own the rights to the special software developed for Soffex, have offered to sell it to the Germans. Should they accept, which seems almost certain, it would be the first time such a "turnkey system," which includes facilities for clearing contracts, has been sold internationally.

According to its proponents, the "Soffex package" has considerable potential as an "off-the-peg" system for the large number of exchanges around the world now thinking of introducing options.

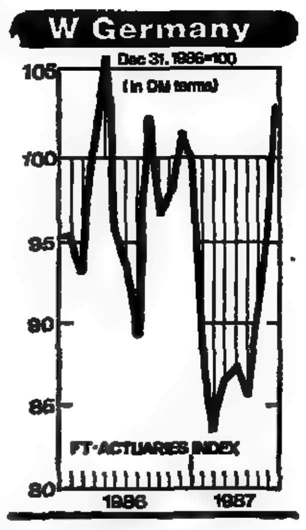
The new German exchange would cost about DM 60m, according to Mr Breuer, though how much of that would go on the Swiss-developed software was not disclosed.

More parties will now be brought into the German project. Five banks, comprising Deutsche Bank, Dresdner Bank, Commerzbank, DGZ Bank and Deutsche Genossenschaftsbank are paying DM 120,000 each to fund the next phase, while the fledgling Federation of German Stock Exchanges will also be involved.

Reactions have been "very positive" so far, according to Mr Breuer, but he is clearly aware of the pitfalls ahead. For a start, dealers will have to learn new methods. Goffex will require a specialist market-maker system in order to maintain a liquid market rather than the present German matched-bargain method.

At least adopting a computer-based system should theoretically overcome rivalries between the country's eight exchanges. Early involvement of the Federation of Stock Exchanges, which is meant to represent all the markets, should help.

Nevertheless, regional obstacles should not be underplayed, especially if Goffex is too closely identified with the Frankfurt bourse or the big Frankfurt-based banks.



But the biggest hurdle is undoubtedly legislative. According to Mr Breuer, only slight changes will be required to Germany's stock exchange law to accommodate futures and options trading. Reactions from informed politicians have been encouraging so far, he says.

However, a bill, to be sponsored by the Federal Finance Ministry, will have to be in the legislative machinery by early next year if Goffex is to open as hoped in late 1989. And matters could be complicated by the fact that the issue will also require approval by the country's individual states.

Mr Breuer remains optimistic about the chances of success, at least publicly, but experience elsewhere suggests legislative action on financial futures and options is seldom speedy. While some politicians are muddled by the complexity, others object to "speculation" or see it as an issue of consumer protection.

The risks of political confusion, or of exploitation by legislators seeking to make capital—which is Mr Breuer's "nightmare"—may be even greater in Germany, where attitudes to finance are highly conservative. Moreover, a quick parliamentary resolution is unimaginable if the well-represented Green ecological party decides to latch on to the subject.

Mr Breuer has understandably said little so far about the alternatives should the legislators drag their feet, and one can be sure those backing the new German market are already discreetly pulling out all stops to try and win support.

If they succeed, Germany can look forward to an exciting and technologically-advanced new market that may, in time, become an important force in international futures and options trading.

International offering by Kymmene

By Our Euromarkets Staff

KYMMENE CORPORATION, the largest capitalised forest products company in Finland, is making an international offering of 2m shares expected to raise more than FM 280m ($62.4m).

The offering of free shares, being arranged by Credit Suisse First Boston and which will be priced on or before September 1, will expand the company's issued capital to 62m shares.

The company's shares are divided into free shares, which will make up 18.4 per cent of the capital after the offering, and restricted shares.

The company, with production facilities in four other Western European countries including France, West Germany and the UK, reported a net profit of FM 167.3m in 1986.

Big Three Swiss banks to review issue accord

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

SENIOR BANKERS from the big three Swiss banks met in Zurich yesterday and agreed to review their 40-year-old arrangement which severely limits their participation in Swiss franc bond issues led by other firms.

The banks, Credit Suisse, Union Bank of Switzerland and Swiss Bank Corporation, control the main syndicate in the market because of their ability to place bonds with investors.

They have come under increasing pressure recently to relax these syndicate rules, which allow them to operate a virtual cartel in the market. The pressure has come from foreign competition, but it is also thought that one of the three banks, Credit Suisse, favours a relaxation.

Some modest loosening has already taken place. Last year, the syndicate lowered its fees and relaxed rules for bond allocations. Last week, the three announced they would for the first time participate in deals lead-managed by foreign banks for their parents and took part in an issue for Deutsche Bank.

Bankers in Zurich said yesterday no decisions had been made. The review would be conducted by bond market specialists at regular meetings in coming months, but they had been given no specific brief and would conduct a complete overview of the agreement.

Buoyant first six months for Belgian glass group

BY TIM DICKSON IN BRUSSELS

GLAVERBEL, the Belgian glass manufacturer which obtained a listing on the Brussels Stock Exchange earlier this year, has enjoyed a buoyant first six months in 1987.

Figures announced by the group yesterday show an 80 per cent increase in consolidated cash flow to around BFr 1.5bn ($39m) and a 12 per cent rise in turnover to BFr 10bn. The company said it was not policy to disclose net profits at this stage.

Glaverbel attributes the performance to relatively stable monetary conditions and "an economic environment in Europe in which the consumption of glass has allowed full capacity utilisation." The results, it points out, were in line with forecasts made at the time of this year's share issue.

An interim dividend of BFr 24 has been approved, the first time the company has made such a payment. The outlook for the current half "remains favourable" and the group "confirms that this year's results will be significantly better than those of 1986."

Zurich publisher sold to Werner Rey for SFr 200m

BY JOHN WICKS IN ZURICH

MR WERNER K. REY, the Swiss financier, has bought the Zurich publishing house Jean Frey for SFr 200m ($133m).

The company is Switzerland's third biggest publisher and best known for the weekly newspaper "Weltwoche," the business magazine "Bilanz" and the sports paper "Sport."

It also owns the printing company Buchdruckerei Winterthur, which prints the European edition of "Newsweek," as well as a number of leading Swiss titles, and was recently rumoured to be the subject of a possible takeover by Mr Robert Maxwell.

Jean Frey had been in negotiations with a number of possible purchasers, including the leading Swiss publishing group Ringier and the Swiss publisher and retail-chain owner Mr Beat Curti.

The sale to Mr Rey comes as a complete surprise in Switzerland. Mr Rey, who first made the headlines in the late 1970s when he bought and then sold the Bally shoe group, now has substantial holdings in Switzerland and abroad.

Asko expands in US with stores deal

By Andrew Fisher in Frankfurt

THE US interests of Asko, the fast-growing West German retail concern, have been extended through the purchase by its US affiliate of 59 Safeway supermarkets in New Mexico and Texas.

Furr's, in which Asko has a 40 per cent shareholding, is paying $114m for the El Paso division of Safeway, the big US retail group. In approving the deal, the Federal Trade Commission has required Furr's to sell 12 of the branches.

Based in Lubbock, Texas, Furr's is owned by Supermarket Development Corporation (SDC), in which Asko has built up its stake since 1984. Also involved is another German store concern, Willi Leibbrand, with 28 per cent, and the Leibbrand family with 22 per cent.

The Safeway deal will add $400m to the turnover of Furr's, whose stores trade under its own name, as well as those of Save'n Gain and Bag'n Save. This will bring its sales to around $1.3bn this year and $1.5bn in 1988.

Asko, headed by Mr Helmut Wagner, recently took a 24.9 per cent stake in Massa, the big German discount store group. Mr Wagner has also taken over as the new chairman of Massa.

Another Asko interest, the Adler clothing chain, was the object of fire-bombings last weekend. An underground feminist group called Red Zora claimed the attack on eight Adler stores was in support of South Korean female workers fighting exploitation.

Thomson unit buys stake in Simrad Subsea

By Karen Fossli in Oslo

THOMSON SINTRA, a subsidiary of Thomson-CSF, the French electronics specialist, has purchased 10 per cent of Norway's Simrad Subsea, the submarine surveillance equipment supplier, for NKr 24.8m ($3.7m).

The two companies have co-operated for three years in supplying submarine surveillance equipment to the Norwegian navy. They are currently working on more than one contract to supply underwater surveillance equipment to the Far East.

Simrad Subsea said it expected the financial link to open the door to new, larger markets.

In 1986 Simrad Subsea had a turnover of NKr 217m. In May, 1986 it acquired Kongsberg Albatross, a supplier of positioning systems for vessels, from the financially ailing Kongsberg Vaapenfabrik. This year it expects turnover of NKr 350m-400m.

Thomson Sintra had a turnover of FFr 1.5bn ($224bn) in 1986.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on August 19

[illegible]						

© The Financial Times Ltd., 1987. Reproduction in whole or in part in any form not permitted without written consent. Data supplied by DATASTREAM International.

Revenues expand 50% at Impala Platinum

By Jim Jones in Johannesburg

Impala Platinum, South Africa's second largest platinum producer has switched many of its long-term sales contracts away from rate escalated bases towards market-related bases priced in dollars. The change has taken place since the start of the present financial year and did not, therefore, contribute to the increase of more than 50 per cent in sales revenue in the financial year to June 30.

Sales revenue increased to R1.27bn ($605m) from R841m in the previous financial year, the pre-tax profit rose to R520m from R290m and the transfers to provisions for capital expenditure was lifted to R180m from R110m. The company now discloses its turnover figures but does not disclose details of production and sales volumes.

The directors say that demand for the metals produced by Impala remained firm and that sales revenue increased through the combination of greater volumes and selling prices. There are unconfirmed reports in South Africa that the directors are increasingly concerned over the Bafokeng tribe's continued reluctance to negotiate the granting of additional mining rights. Impala's present rights will remain in effect until the next century, but the company needs to mine additional ground if it is to expand output.

Employees at Impala's Springs refinery are in dispute with the company over wages. Employees are being balloted on strike action by the National Union of Mineworkers (NUM).

Last year's earnings rose to 477 cents a share from 334 cents and the total dividend has been lifted to 160 cents from 125 cents.

El Al in first profit for eight years

BY JUDITH MALTZ IN JERUSALEM

EL AL, Israel's national airline, has produced its first profit in eight years, with earnings of $15.2m for the 12 months to March 1987. Mr Rafael Harlev, the company's president, said these were the highest annual profits recorded in its 39-year history.

At the same time, the airline finally released its 1985-86 results, which showed a $6.7m loss on revenues of $491m. El Al had delayed publication, claiming it was waiting for the Government to come through with promised funds.

The state-owned company, which has been in receivership since 1982, also announced that it had received record revenues of $567m in its latest financial year.

The improvement was attributed by Mr Harlev to a reduction in operating expenses, mostly due to the drop in world oil prices, higher labour productivity, and a substantial increase in tourism to Israel, as passengers have overcome fears of travel to the region following a spate of terrorist incidents in late 1985.

In addition, a company spokesman said that El Al's aggressive campaign to promote an image of "safety and security" has resulted in many passengers switching over from other airlines.

More than 1.5m passengers travelled on El Al flights last year, representing a 9 per cent increase over the previous year. The company's load factor, at 75.1 per cent, was, according to Mr Harlev, among the highest in the world airline industry.

A spokesman said yesterday that in spite of El Al's return to profitability, the receiver would remain with the company until "the labour situation is finally corrected."

The airline has been notorious for management-worker disputes, which came to a head in 1982, just before the government appointed a receiver. Earlier this week, in fact, more than 1,500 passengers were delayed for extended periods at Ben Gurion airport when eight pilots simultaneously called in sick.

The Israeli Government, after years of unsuccessful attempts to sell El Al to private investors, concluded several months ago that a share sale to the public would prove better for the state. Mr Ze'ev Refuah, head of the Israeli Government Companies Authority, said that as a precondition for privatisation, the company would have to stand on its own feet again for at least 12 months after the lifting of the receivership.

SINGAPORE AIRLINES (SIA) is to offer 30.98m more shares to foreign individuals and companies from August 25, according to an SIA spokesman, Reuter reports from Singapore.

SIA decided to raise the foreign shareholding of the airline by 5 per cent to 25 per cent, the spokesman said.

Foreigners will not be allowed to hold a majority of shares, even if there were to be a further rise permitted in future in foreign stakes, he said.

SIA sold 46.24m shares to the public last June as part of the company's privatisation programme.

Brokers said 26.3m shares were bought by local investors and 19.9m by foreigners.

The shares bought by foreigners remained unregistered, because of the 20 per cent ceiling on foreign shareholding. The shares can now be registered, he said.

The shares were bought at S$13 each. SIA shares were quoted today at S$14.70.

The airline earned a net profit of S$451.2m (US$214m) in the 1986-87 fiscal year which ended in March, up by 58.3 per cent from 1985-86.

Premium ratings improve at Guardian National

BY OUR JOHANNESBURG CORRESPONDENT

GUARDIAN NATIONAL, the South African offshoot of Guardian Royal Exchange, restored underwriting profits in the first half of this year due, the directors say, to strong corrective action on premium ratings.

First half gross premiums rose to R108.2m ($51.3m), from R87.9m in the corresponding period of 1986 and an underwriting profit of R5.05m was generated against last year's interim underwriting loss of R2.54m. Pre-tax profits came to R12.91m against R4.42m. In 1986, total gross premiums were R210.2m the year's underwriting loss was R1.78m and the pre-tax profit was R14.17m.

Mr Donald Gordon, the chairman, said corrective action was taken on premiums associated with burglary and theft risks.

First-half earnings rose to 79.3 cents a share from 33.3 cents and the interim dividend has been raised to 29 cents from 18 cents. In 1986 earnings totalled 100.6 cents

Cost-cutting helps Canon to contain interim decline

BY YOKO SHIBATA IN TOKYO

CANON, manufacturer of cameras and other precision instruments, produced pre-tax profits of Y8.46bn ($55.9m) in the first half year to June, down 39 per cent from the previous year. It had initially projected no pre-tax profits.

The better-than-expected performance resulted from cost-cutting to overcome the appreciation of the yen and from marketing new products. There were unexpectedly strong sales of new products such as auto-focus single-lens reflex cameras and laser printers.

However, the yen's appreciation took a heavy toll on export sales, contributing to an 8.4 per cent fall in turnover to Y253.98bn.

The company had also projected an operating loss of Y6bn, but produced operating profits of Y2.1bn. Net profits came to Y3.43bn, down 66 per cent.

In the second half year, to December, Canon's cost-cutting efforts are expected to take full effect.

Full-year pre-tax profits are expected to rise by 36 per cent to Y18bn, in an about-face from the initial projection of a substantial 84 per cent fall, and sales are expected to increase 1 per cent to Y550bn. However, the company intends to cut the annual dividend by Y2.50 to Y10 per annum.

Yokohama earnings leap

BY OUR TOKYO STAFF

YOKOHAMA RUBBER, the tyre manufacturer, said pre-tax profits in the half-year to June 1987 rocketed by 281.1 per cent to Y8.68bn ($24.3m), far above the initial prediction of Y0.9bn. Net profits jumped by 198 per cent to Y1.61bn. The company ascribed the strong showing to its success in reducing costs by Y9.5bn thanks to lower imported basic material costs resulting from the yen's appreciation and increased productivity.

Half-year sales fell by 2.3 per cent to Y105.19bn. This was attributed to a 6 per cent fall in tyre sales, resulting from decreased exports and an influx of cheap imports.

For the full fiscal year to December, Yokohama Rubber expects pre-tax profits of Y8bn, an increase of 97 per cent over the previous year, on the assumption that the dollar will stay around Y140 throughout the second half. Full-year net profits are projected at Y2.6bn, on a turnover of Y220bn, down 0.3 per cent

GFSA increases profits to R335m

By Our Johannesburg Correspondent

GOLD FIELDS of South Africa (GFSA), the South African arm of Consolidated Gold Fields (CGF), lifted investment income to R304.4m ($145m) in the year to June 30 from the previous year's R265.2m. The pre-tax profit increased to R335.6m from R290.2m.

Group profits are proportionately more reliant on gold than those of other South African mining houses. About 80 per cent of income is gold-sourced and, of that, more than two-thirds is derived from the Kloof and Driefontein Consolidated mines. Diversification away from gold has been steady, but comparatively slow.

The group is establishing a new platinum mine in the Transvaal and is exploring for platinum on both sides of South Africa's border with Botswana. However, Johannesburg mining analysts believe the group's principal mining developments over the next few years will be based on newly-evaluated gold reserves in the Orange Free State and near the group's principal Transvaal mines.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE AUGUST 14 1987

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	9.489	−0.263	9.702	8.440
Australian Dollar	13.805	−0.548	14.735	13.692
Canadian Dollar	10.580	−2.001	10.884	9.372
Euroguilder	6.215	0.242	6.250	5.804
Euro Currency Unit	8.856	−0.360	8.921	8.219
Yen	6.106	−0.748	6.433	5.218
Sterling	10.624	−0.235	11.609	9.443
Deutschemark	6.409	0.691	6.490	5.890

Bank J. Vontobel & Co Ltd, Zurich - Telex: 812744 JVZ CH

هكذا من الأصل

If your bank has never delivered money at 200 points below LIBOR, try the one that has.

Bankers Trust.

Other issuers for which Bankers Trust has carried out financings at rates below LIBOR include Philip Morris, for which we were co-book runner on a (US)$100 million three-year, fixed-rate Eurobond issue that was swapped into floating rate dollars. The issue was part of a refinancing program related to Philip Morris' acquisition of General Foods.

True, the credit was an extraordinarily good one: SEK (Swedish Export Credit).

Even so, the rate was an extraordinarily low one: more than 200 basis points below LIBOR. It was the lowest cost Eurobond/swap issue ever done.

That's typical of the kind of performance Bankers Trust delivers in the global capital markets. Performance that regularly lowers borrowing costs for issuers, or increases yield for investors.

What's behind this performance?

First and foremost, it's the ability of our capital markets specialists to structure innovative transactions that perfectly match the needs of clients with the demands of the market.

In the past year alone, they've developed the forward swap. The coupon option swap. The minimum and maximum interest rate swap. The currency option swap. And a host of others.

Such innovation springs, in part, from the total integration of the people within the capital markets organization—the swaps experts, options and futures specialists and Eurobond originators—with those in trading and syndication. At Bankers Trust, they talk across desks, not across departments.

Equally important is the integration of our worldwide capital markets locations, supported by our global distribution network.

Easing the process even more is our proprietary software and information systems which allow us to complete even the most complicated transactions with unusual speed and at low cost.

Small wonder, then, that in a recent *Euromoney* poll, corporate and sovereign swaps users worldwide voted Bankers Trust to be the very best overall performer in the swaps market. Bar none.

Today, as worldwide merchant bankers, Bankers Trust enjoys a commanding position in investment banking, corporate finance, and money, securities and currency trading. Since we have no vested interest in any of these forms of financing, we can select, combine or modify them in ways that best suit our customers' needs. So an increasing number of clients are looking to us for services like these:

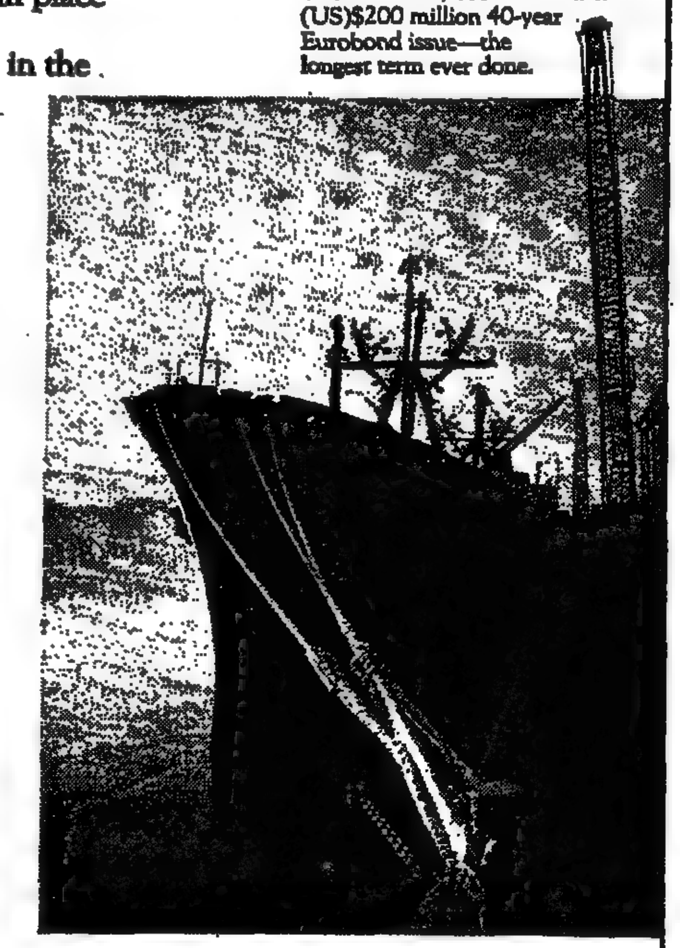
Management Buyouts—As a leader in structuring and arranging the financing for management buyouts, Bankers Trust not only can provide the senior debt, but also can place the subordinated debt and equity.

Eurosecurities—As a major force in the Euromarkets, Bankers Trust lead-managed 51 Eurosecurity offerings totaling $7 billion last year. We are one of the most active participants in the secondary market, where we are a market-maker in over 600 different Eurosecurities.

Options—Bankers Trust is a leader in interest rate and currency options, making markets in options on both short- and long-term instruments. Our strength as a market-maker enables us to design option packages specifically tailored to our customers' investment or financing requirements.

Our success in these highly competitive areas is really our clients' success. If you'd like to share in it, come to the bank that makes it a reality: Bankers Trust.

Over the last two years, Bankers Trust has lead-managed ten issues for SEK. We were book runner not only on their history-making (US)$200 million Eurobond issue at more than 200 basis points below LIBOR, but also on their (US)$200 million 40-year Eurobond issue—the longest term ever done.



Bankers Trust Company

Merchant banking, worldwide.

Dashwood House, 69 Old Broad Street, London   Kishimoto Building, 2-1 Marunouchi, Tokyo

W.H. Smith 30% ahead at £63.8m

BY STEVEN BUTLER

PRE-TAX profits of W. H. Smith, the retailing and newspaper wholesaling group, pushed ahead by 30 per cent to £63.8m in the year to the end of May. Sales rose 19 per cent to £1.53bn.

The results were at the upper end of analysts' expectations but the shares still managed a 7p plus at 383p in the face of a heavy decline in the market.

Earnings rose 23 per cent to 21.16p and the full year dividend on the "A" ordinary shares is being lifted to 7.8p (6p) via a final of 5.4p. The dividend on the "B" ordinary shares goes up to 1.56p (1.2p), the final being 1.08p.

Improvements showed through the divisions of the group with its mainstream retailing accounting for the bulk of the increased sales and profits.

Profits from the retailing of books, stationery, news and recorded music rose 34.7 per cent to £44.58m, while turnover rose from £690.5m to £868.4m.

The W. H. Smith's chain of Do It All DIY stores proved the fastest grower on the group with profits up 41.4 per cent to £8.48m, with a sales increase of 34.9 per cent to £144.16m. The opening of 19 new stores during the year brought the total to 81, with a further 25 or more openings planned for the coming year.

The wholesaling operation proved less buoyant, with profits up 18 per cent at £15.4m, while sales increased 3.4 per cent to £504.24m. The newspaper distribution business in the UK was affected by turbulence in the industry, including the switch of titles away from British Rail.

"The wholesale business has done very well to stand still during this period of change," said Mr Simon Hornby, chairman.

A rationalisation of newspaper distribution in London would lead to £1m annual savings, although this would be offset in the current year by the cost of the rationalisation, including redundancies.

Sales in the UK rose 17 per cent to £1.35bn, while the US proved to be the fastest growing market, with sales up 56 per cent to £108m. Profits showed a similar performance, up 35 per cent in the UK to £63.8m, while doubling to £3.22m in the US.

The bost to the US sales came in part from the inclusion of the results of W. H. Smith (formerly Elsons) for a full year. Sales grew 20.4 per cent compared with the previous full year. Trading profits of$ 6.5m at the company were effectively wiped out by financing costs of

A revaluation of the company's UK property holdings resulted in a surplus of £51.9m over book value which was added to the accounts.

Subsequent to the year end, W. H. Smith has heached agreement to sell Book Club Associates for £69m. The effect would be to reduce group net borrowings to nil by the end of the current financial year, assuming the £80m capital spending programme for the year is carried through.

"We are not planning any major acquisition," said Mr Hornby. "We believe we can get organic growth by sticking to what we are doing now."

Mr Hornby did say W. H. Smith would be interested in buying about 60 of the shops of Martins Newsagents, which is being sold by Guinness.

See Lex

Equiticorp details GP stake build-up

BY TERRY POVEY

NEW ZEALAND'S Equiticorp, which is widely expected to make a hostile £338m or 110p a share bid for financial services group Guinness Peat within the next week, yesterday gave details of how it had increased its holding in the UK company to just below the 30 per cent bid trigger level.

Guinness Peat has also announced the appointment of Mr Michael Kerr-Dineen as its managing director and chief financial officer. Mr Kerr-Dineen has been closely associated with Mr Alistair Morton, now GP's executive chairman, since they both joined the group in 1982 and his appointment will see responsibility for day-to-day management shared between the two.

GP recently announced a 17.4m share offer at 98.5p a share to existing shareholders to fund the cash element of the Management Compensation Group acquisition. MCG is a US company specialising in payment and pension arrangements for higher-paid executives.

Equiticorp took up its 28.6 per cent entitlement, 4.9m shares, through a direct placing and underwrote a major part of the open offer of the remaining 12.6m new shares to other shareholders.

In the even just over half these shares, available at 98.5p each, were not taken up and most of the shortfall passed to the New Zealand entrepreneur as the major sub-underwriter. As a result, Equiticorp's holding in GP is now 29.998 per cent—a whisker below the 30 per cent limit at which it would be obliged to make a bid under the City takeover code.

The New Zealand company is believed to have received several approaches from existing GP shareholders to sell shares. As any significant purchases Equiticorp makes will take it over the 30 per cent mark, so forcing it into a bid, the entrepreneur is keen to thrash out an agreed strategy with the GP board.

Most of the funding for Equiticorp's £100m stake in Guinness Peat has been arranged through Samuel Montagu, the merchant bank, which in June launched a £60m three-year syndicated loan for Equiticorp priced at ⅞ above Libor. This syndication was oversubscribed and yesterday Samuel Montagu announced that the amount actually raised was £80m.

Guinness Peat's shares closed last night at 109p.

● Our Financial Staff adds: Guinness Peat has decided to switch merchant banking advisors from Morgan Grenfell to Lazards. Mr Morton commented: "It is time ofr a change."

Olives Paper recommends improved capital plan

Olives Paper Mill yesterday recommended an improved capital injection offer by Mr Michael Kent that would result in him acquiring 57.7 per cent of its share capital.

The improved offer follows a counter proposal by Melton Medes, which owns a 17 per cent stake in the company, which the Olives Paper board rejected in favour of Mr Kent's proposal.

The proposal would lead to the issue to Mr Kent of 4.4m new ordinary shares at 85p per share, a 15p increase compared with the previous offer. Mr Kent would become chairman of the company.

The takeover panel has in principle waved any requirement that Mr Kent should make a general offer for Olives Paper shares. Mr Kent currently has no shares in the company.

The proposal would make available £3.74m in cash to Olives Paper, an improvement of £1.19m over the previous proposal.

The proposal would only require approval by 50 per cent of shareholders under the Companies Act, compared with 75 per cent under the previous proposal. This is because the transaction is being routed through a newly established company, with cash assets, which will lead to an exchange of shares for shares.

This revision to the capital injection proposal was evidently made in order to counter any possible opposition to the plan by Melton Medes, which has been a vociferous critic of the Olives Paper board.

Mr Nathu Puri, Melton Medes chairman, said yesterday that he was consulting his financial advisors and was concerned about the terms of the proposal, including the price at which shares are to be issued.

"I am very unhappy with this bending of the rules," he said, referring to the structuring of the proposals to require only majority shareholder approval under the Companies Act.

Mr Puri has called for any capital injection proposal to include a clawback provision for shareholders.

Cannon Street in double purchase and £34m call

BY RICHARD TOMKINS

Cannon Street Investments, the fast-growing mini-conglomerate which moved up from the USM to the main market last month, yesterday announced its eighth and ninth acquisitions of 1987 and proposed a £34m rights issue to finance these and further deals.

The companies being bought are PST, an export trading and distribution group, and Craigendarroch, a time-share development near Balmoral in Deeside. Payment will total 637,718 in new Cannon Street shares, £14.1m in cash, and £500,800 in loan notes.

The cash call is Cannon Street's second this year, following a £16.2m rights issue in January. Shareholders will be offered 10.73m new ordinary shares at 330p a share on the basis of one for every existing ordinary share and five for every four convertible preference shares.

The issue is underwritten by merchant bank S. G. Warburg with Capel-Cure Myers as broker. Cannon Street's existing ordinary shares closed 15p down at 366p.

The latest acquisitions will take the number of companies under Cannon Street's wing to more than 25. All are private companies bought with the intention of grooming them for stock market flotations after three to five years in the Cannon Street nursery.

Mr Bill Hislop, Cannon Street's chairman, said many more acquisitions were planned and the rights issue was intended to finance them. Net cash of £12m would grow to £28m following the rights issue and acquisitions. "I don't like borrowing money," he said.

PST distributes consumer products to UK multiple retailers and also specialises in the international distribution of manufacturers' surplus stocks. It is expected to produce pre-tax profits of at least £2m for the year to August 1987.

Craigendarroch is a recent development consisting of a refurbished four-star hotel and 35 new timeshare lodges in Ballater, a popular tourist area. It has incurred modest losses in its first two years but Cannon Street believes it has considerable potential.

● comment

Cannon Street has staged a remarkable come-back since the collapse of its secondary banking subsidiary in 1974. Its market capitalisation has grown from £4m when it regained its quotation two years ago to a figure which will be well on the way to £200m when these deals are complete. Yet for all the strength of the City's enthusiasm for Mr Hislop and his works, this rights issue could test its patience: it looks ill-timed against a volatile market and the fineness of the terms makes little concession to the possibility of further downturns in the next few days. That said, the £12m of profits now being forecast for the current year puts the rights stock on a prospective p/e multiple of 14¼, a considerable discount to the levels at which the rest of the shares were trading only a week or two ago; so to anyone who satisfies the twin conditions of having the cash to spare and believing the market's present jitters are only temporary, the rights could look an attractive buy.

Buckley's hits out at Brodian

BY NIKKI TAIT

Buckley's Brewery, the small Welsh brewer on the receiving end of an unwanted £26.6m cash offer from nominee company, Brodian, yesterday hit back at its predator, claiming that it appeared only interested in a quick profit, had provided no evidence of relevant management experience and had failed to explain the offer's financing.

In a strongly-worded defence document, Buckley's argues that if the two James Ferguson directors—Mr Guy Cramer and Mr Peter Clowes—who are behind Brodian had "any serious intention of running the business, the offer document would have contained substantive proposals rather than generalisations."

"It is difficult to avoid the conclusion that the offerors' real motive in making the offer is to acquire Buckley's for less than it is worth and to make a quick profit," says Buckley's.

The Buckley's document also gives some detail—rather more than Brodian's—about the two men's interests. Mr Cramer, it says, is chairman of Cramer Holdings, an investment management to property consultancy business, in addition to his non-executive role at James Ferguson. In the last financial year for which accounts are available (to end-March 1986), Cramer made a pre-tax profit of £350,829 including an increase in the value of listed investments of £369,554 relating entirely to a holding of shares in James Ferguson, says Buckley's.

Moreover, it suggests that shareholders should ask how the offer is being financed. Brodian has already disclosed that it has a potential £5m loan facility with its advisors, Singer and Friedlander, and that the balance will come from the two men's personal resources. But Buckley's suggests two questions: "Who would be the beneficial owners of Buckley's shares if the offer did succeed?" and "is it intended that Buckley's shares should be used as security for borrowings related to other interests?"

Buckley's also takes four pages to explain its strategy for growth which includes an expansion of the geographical coverage, new products and an upgrading of the tied estate. Four years of near-static profits and earnings per share between 1983 and 1986 left it vulnerable to predators in the first place, and Brodian acquired the bulk of its 29.9 per cent holding from Mr Tony Cole's Bestwood, an earlier aggressor. Yesterday, Buckley's shares eased 2p to 169p—6p below the cash offer.

Hazlewood in Dutch acquisition

BY PHILIP COGGAN

Hazlewood Foods, the diversified foods group which raised £53m via a rights issue in June to fund its expansion, yesterday spent some of the proceeds.

The group is buying two Dutch companies for a total of Fl 46.6m (£14m) through its European-based subsidiary, Hazlewood International.

HBB produces a range of smoked meats and will join Haziswood's existing processed meats subsidiaries, J & J Tranfield and Roman (Delicatessen Products). HBB's existing management will continue to run the company.

The Nijmegen-based company made pre-tax profits of Fl 6.9m (£2.1m) on turnover of Fl 43.6m (£13m) in 1986 and at the end of the year, the group had net assets of Fl 17.8m (£5.3m).

Hazlewood is paying Fl 31m (£9.25m) in cash.

Evers is based in Landgraff and grows, processes and markets beansprouts and tahoe. It made pre-tax profits of Fl 2.2m (£660,000) on turnover of Fl 5.3m (£1.58m) in 1986. Initial consideration will be Fl 15.6m (£4.7m) and further payments will be made dependent on future profits.

Construction output increase forecast

CONSTRUCTION OUTPUT in the UK will rise by 5 per cent to 6 per cent in 1987 and by 3 per cent to 4 per cent in 1988, according to Charterhouse, the merchant banking and investment group, in the latest edition of its quarterly business forecast.

The main thrust of the upturn has come from private housebuilding and commercial building. Shopping centre development building for tourism and leisure projects are also rising fast.

The forecast highlights the differentials in land prices and house/price income ratios between the regions. The rapid rise in both house and land prices has spread outwards from London, through the south-east, south-west and East Anglia.

There is anecdotal evidence of employers shifting preferences for sites away from London. The east and west Midlands will benefit gradually and, over a long period, there will be marginal shifts in employment and housebuilding away from the south-east.

Soviet soyameal imports likely to set record

SOVIET soyameal imports are likely to reach a record 520,000 tonnes this month, bringing this season's soyameal imports to 2.5m tonnes, compared with 550,000 last season, Oil World the Hamburg-gased newsletter said, reports Reuter.

Applied Holographics orders boost

Applied Holographics, manufacturer of holograms and holocopiers, has received major orders for the production and origination of holograms, Mr O. Boxall, chairman, told shareholders at the company's annual general meeting yesterday.

He said that he expected substantial orders for the mass production of holograms would follow these originations.

Increased demand for holograms had prompted the company to look for suitable new bureau production premises. Other company facilities—in the UK and abroad—were making excellent progress, he added.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Britannic Assce ...int	14.5	Oct 2	11	—	35.5
DY Davies	‡†3	Oct 15	—	4	—
Fife Indmar ....int	0.75	Oct 1	0.75	—	3.5
Hobsons Publishing int	2	Oct 1	—	—	—
Nichols (Vimto) ...int	3.15	Oct 30	2.9	—	7
Owen & Robinson	0.5	Oct 2	0.25	0.75	0.5
Parambe ....int	†0.5	—	0.45	—	1.35
W. H. Smith "A"	5.4	Oct 23	4	7.8	6
W. H. Smith "B"	1.08	Oct 23	0.8	1.56	1.2

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market.

Public Works Loan Board rates

Effective August 19

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	10½	—	—	11½
Over 1, up to 2	10½	10¾	10½	11¼	11¼	11
Over 2, up to 3	10½	10½	10¾	11¼	11¼	11
Over 3, up to 4	10½	10½	10¾	11¼	11¼	11
Over 4, up to 5	10½	10½	10¾	11¼	11¼	11
Over 5, up to 6	10½	10½	10½	10¾	10¾	10¾
Over 6, up to 7	10½	10½	10½	10¾	10¾	10¾
Over 7, up to 8	10¼	10½	10½	10¾	10¾	10¾
Over 8, up to 9	10¼	10¼	10½	10¾	10¾	10½
Over 9, up to 10	10¼	10¼	10¼	10¾	10¾	10½
Over 10, up to 15	10¼	10¼	10⅛	10¾	10½	10½
Over 15, up to 25	10⅛	10	10	10½	10½	10½
Over 25	10	10	10	10½	10½	10½

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Coloroll to raise £55m in Crown House sales

BY NIKKI TAIT

Coloroll, the wall coverings and home furnishings group, looks set to net about £55m from the sale of the Crown House Engineering businesses, together with certain Crown House properties.

Yesterday the company announced that it has reached conditional agreement on the first disposal — the sale of Crown House Engineering. The buyer is CHE's existing management and Coloroll will receive £35.9m. Just over £11m has already been paid by way of inter-company dividends, and the remainder will com in cash at completion.

Coloroll said yesterday that the management's offer was the highest received, although a number of others came very close. In the final stages there were half a dozen bidders seriously interested, but the management bid had the added advantage of requiring fewer warranties and seemed "the best solution all round." The management team at CHE involves nine executive directors, with additional equity finance coming from Schroder Ventures and loan arrangements from Credit Agricole.

Crown House was acquired via an agreed £88m bid last April, but Coloroll stressed at the time that its principal interest was in the tableware division, which takes in Denby stoneware, Dema glass and George Butler silverware. CHE was the largest of the businesses up for disposal — it had turnover of £119m in the year to end-March and profits of £3.7m.

Coloroll said yesterday that negotiations on the two other companies — W. J. Furze and Co and Crown House Zest — are well in hand and announcements should be made shortly. The remaining Crown House assets up for sale (including these two companies, as well as investment and surplus trading properties) have been valued at £11m in the pro forma balance sheet.

Ensign buys Unitycorp contract

MR GEOFFREY MUSSON, who runs the Merchant Navy Officers' Pension Fund and the quoted Ensign Trust, is to take on the management of the £21m *Unitycorp Trust*, the former Wemyss investment trust which was acquired by Australian Garry Carter's ATS Resources last year.

In a letter to shareholders, Mr Carter—currently chairman of the trust—said that Ensign was paying £500,000 to buy the management contract from APA IFICO Investment Management, another member of his Unity Group.

The change of management follows the recent sale by ATS Resources of its 64.3 per cent stake in Unitycorp. This disposal, coupled with the sale by Hastings Bank of a further 20 per cent, has left Unitycorp with five sizeable institutional shareholders: Ensign itself has picked up 29.9 per cent; the Kuwait Investment Office 14.9 per cent; TR Industrial and General 14.8 per cent; Imperial Trident Life 13 per cent; while Norwich Union retains its 5.7 per cent holding.

Three Ensign directors—Mr Musson, Mr Philip Henderson, and Mr Robert Fawcett — will now join the board, together with Mr Paul Manduca from TR, and the existing directors will resign.

Yesterday, Ensign said it planned to run the fund in line with existing policy guidelines —which stress investments in undermanaged and strategic situations and "a maximisation of shareholder values" — and will give shareholders further information as soon as possible. However, one of the institutional shareholders commented that, although it understood the investment trust status would be retained, it expected "an imaginative approach."

Shares in Unitycorp eased 2p to 129p yesterday, putting it on a 12.8 per cent discount to the fully-diluted net asset value at August 17.

Britannic increases terminal bonus rates by about 14%

BY ERIC SHORT

Britannic Assurance yesterday lifted its interim dilvdend by more than 30 per cent from 11p to 14.5p.

As usual, the company gave no indication of profitability at the half way stage. However, the company is increasing the terminal bonus rates paid to policyholders when contracts mature, or become death claims, by around 14 per cent. The reason given being the substantial rise in the value of stock market securities since the beginning of the year.

The company reports good new business figures for the period in most branches of its operation. Renewal premiums in the ordinary branch rose 6 per cent to £4.36m, while in the industrial branch they improved by nearly 5 per cent—compared with virtually nil growth for the industry—from £12.67m to £13.25m.

The company's unit linked operations continue to gather strength with single premiums almost doubling from £8.25m to £15.36m and renewal premiums rising from £160,000 to £350,000.

Total premium income received during the period continued to expand steadily. In the Industrial branch it rose nearly 3 per cent from £49.11m to £50.47m, while in the ordinary branch it jumped by 8 per cent from £17.66m to £19.06m. Unit linked premium income doubled from £8.34m to £15.6m.

General branch premium income was 6 per cent higher at £10.4m against £9.78m.

Chancery Secs makes another acquisition

CHANCERY SECURITIES has acquired A & H Insurance, the financial services arm of Auerbach Hope, chartered accountants, London.

Initial consideration of approximately £1m consists of the issue of 306,000 new ordinary. Further consideration will be satisfied by the issue of loan notes, convertible into additional ordinary depending upon the performance of A & H over the next 10 years, subject to a maximum value of £4.5m.

The vendors intend to dispose of 153,000 of the new ordinary, but have agreed not to dispose of any of the balance for one year following completion.

A & H has been established for nearly 40 years and is warranted to make pre-tax profits in the year to September 30 1987 of £120,000.

The acquisition is Chancery's fifth corporate acquisition since June of this year and represents a significant step in the core activities of the group.

FKI Elect gets go-ahead

Shareholders of FKI Electricals yesterday gave the go-ahead for the company's takeover of Babcock International, the much larger heavy engineering and contracting group. They also approved a £94m rights issue which will be triggered if the bid is declared unconditional on August 29.

Babcock shares added 3p yesterday to close at 297p. FKI shares shed another 8p to 156p, where its share offer values Babcock at 265.2p, nearly 45p below the cash alternative of 310p.

James Latham

James Latham's chairman told the annual meting that profits for the first quarter were comfortably in advance of the same quarter last year and the position for the rest of the year continued to look encouraging.

He added, however, that a further rise in interest rates would almost certainly impinge on profit forecasts.

Fife Indmar ahead

Fife Indmar, light and general engineer, raised pre-tax profits from £149,000 to £172,000 for the half year to end-June from turnover little changed at £6.8m compared with £6.85m.

Tax accounted for £60,000 (£54,000) and left earnings at 1.9p (1.61p) per 25p share. The interim dividend is a same-again 0.75p.

Talbex in cash call for aerosol expansion

By Philip Coggan

Talbex Group, the loss-making aerosol filler and coal miner, yesterday announced a one-for-three rights issue to raise £10m to expand and modernise its aerosol activities.

Talbex has had a patchy trading record through the 1980s and in December last year, Mr David Green, its chairman, resigned and Mr Terry Langan and Mr Neil Simpson joined the board. In February, the group bought a mining company managed by Mr Langan and Mr Simpson and raised £1.5m via a share placing.

The new management has attempted to reorganise the group, which incurred an interim pre-tax loss of £493,000 (£143,000) in the six months to January 31. In June, the industrial division was sold to United Guarantee for £1.25m.

The group said yesterday that Osmond Aerosols, the subsidiary which accounts for around 75 per cent of turnover, had been unable to take advantage of its market because of a lack of capital investment. The rights proceeds will be used to commission a new aerosol plant and to modernise the existing factory, at a combined cost of £7m, with the remainder being used to finance working capital.

The shares closed 4p lower at 38p.

Virgin

Virgin Group has acquired a further 10 per cent of the issued shares of Vanson Developments, its 75 per cent owned property development subsidiary, for a consideration of 485,000 new Virgin shares (worth £580,000 yesterday). The vendor is Mr Arthur Vicarry, Vanson's managing director who holds the outstanding 15 per cent.

Greenwich Res.

Greenwich Resources has bought 1.75m shares in United Goldfields Corporation, Australian mining company, taking its holding to 17.86 per cent. The consideration of A$5.85m (£2.39m) will be met from existing bank facilities.

For the year to the end of June 1987 United reported pre-tax profits of A$2.13m. Net tangible assets at the year end were A$3.75m.

FPH pays £1.8m for brokers Northcote

BY TERRY POVEY

Fredericks Place Holdings is to acquire stockbrokers Northcote and Co for £1.75m to add to its expanding private client based securities trading operation.

FPH has changed dramatically since Mr Stuart Goldsmith, formerly of Britannia Arrow, became chief executive of the financial services compnay in late 1985. Justover a year ago it narrowly won a £10m three sided battle for control of the Country Gentlemen's Association. In the 15 months to March FPH reported pre-tax profits totalling £704,000, almost all of which came from CGA.

To fund the acquisition of Northcote is raising £6.25m through the issue of 6.25m convertible redeemable cumulative preference shares with a fixed annual dividend of 7.3p.

All classes of existing FPH are being offered the chance to subscribe for up to a total of 4.12m of these new shares—one convertible share for every six ordinary shares plus other allotments for other classes. The first conversion date will be August 31, 1990 and 130p will be the exercise price.

The rest of the issue is being placed by brokers Cazenove with its investment clients. Cazenove has also agreed to place up to a further 2.8m shares if these are not taken up by shareholders. Certain directors and institutions with rights to 1.32m convertible shares have already undertaken to subscribe to the issue.

Northcote will become part of FPH's securities subsidiary which already contains brokers Spencer Thornton and Tutton and Saunders. Northcote earned net commissions totalling £3.8m in the year to June 27.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1986							
1st qtr.	109.1	102.8	105	119.3	146.0	3,171	166.5
2nd qtr.	108.8	104.0	105	121.3	154.0	3,203	175.6
3rd qtr.	110.9	105.0	106	123.7	158.7	3,202	200.2
4th qtr.	110.9	107.1	109	126.5	194.2	3,141	213.0
December	110.3	107.4	110	126.7	224.9	3,119	219.6
1987							
1st qtr.	111.6	107.2	103	125.4	157.9	3,072	210.4
2nd qtr.	112.4	108.9		128.3	166.0	2,965	226.1
January	110.4	105.6	110	123.6	158.4	3,114	210.2
February	112.4	108.1	103	127.0	154.5	3,066	207.1
March	112.5	107.8	96	125.5	157.8	3,040	210.6
April	112.1	108.2	105	130.0	169.6	3,018	213.9
May	113.1	109.0	114	125.4	161.3	2,952	221.2
June	111.9	109.5		129.4	167.3	2,925	233.3
July				131.2		2,878	234.9

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1986							
1st qtr.	103.0	101.4	115.6	101.5	109.3	103.1	14.5
2nd qtr.	105.3	101.9	115.9	102.5	110.8	104.1	19.4
3rd qtr.	106.5	101.0	117.5	103.1	109.6	103.1	19.3
4th qtr.	108.2	102.4	116.1	104.6	115.4	104.5	15.4
December	108.2	102.4	114.9	105.0	118.9	103.6	10.7
1987							
1st qtr.	107.3	102.3	118.0	105.5	114.9	102.8	17.2
2nd qtr.	109.6	103.9	117.6	106.7	121.4	104.4	19.4
January	106.5	102.3	116.4	104.9	107.9	103.9	12.7
February	108.0	102.4	118.7	106.0	122.0	103.0	18.2
March	107.3	104.1	118.9	106.6	116.0	102.0	20.5
April	109.1	103.6	117.5	106.9	117.6	104.0	18.3
May	109.8	103.5	119.9	107.0	122.0	104.0	19.2
June	109.9	104.7	115.2	107.0	126.9	105.0	20.7

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn*
1986							
1st qtr.	117.5	124.9	−1,327	+682	+1,890	101.6	18.75
2nd qtr.	121.9	128.8	−1,551	− 94	+772	102.6	19.29
3rd qtr.	122.6	138.5	−2,872	−931	+646	103.1	20.14
4th qtr.	130.5	143.4	−2,662	−736	+846	100.8	21.97
December	131.6	143.9	−857	−272	+266	100.1	21.92
1987							
1st qtr.	130.0	132.2	−1,135	+667	+1,164	100.5	23.75
2nd qtr.	128.9	140.4	−2,439	−639	+1,022	103.3	
January	124.6	131.4	−517	+ 84	+383	100.2	21.95
February	128.4	128.8	−302	+390	+328	100.4	22.26
March	126.9	130.2	−417	+184	+454	100.8	27.04
April	131.4	133.4	−536	+ 64	+419	102.4	29.81
May	123.5	144.6	−1,127	−527	+381	103.4	34.63
June	133.1	138.7	−769	−168	+342	104.0	34.39
July							34.91

FINANCIAL—Money supply M0, M1 and M3 (three months' growth at annual rate), bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1986							
1st qtr.	4.1	21.4	19.3	+6,283	2,230	+885	12.50
2nd qtr.	3.1	25.9	27.3	+6,455	1,423	+346	10.00
3rd qtr.	5.9	30.3	15.4	+6,995	168	+792	10.00
4th qtr.	7.6	15.3	14.1	+10,516	2,814	+444	11.00
December	10.1	0.6	8.1	+3,193	703	+265	11.00
1987							
1st qtr.	1.2	30.6	20.2	+6,668	1,475	+952	10.00
2nd qtr.	2.2	29.7	28.9	+8,649	1,804	+1,067	9.00
January	7.7	18.1	13.5	+1,899	456	+257	11.00
February	0.1	19.9	17.8	+2,881	472	+296	11.00
March	−3.8	33.8	29.4	+2,088	547	+399	10.00
April	0.1	29.9	33.6	+1,990	727	+410	9.50
May	5.5	37.6	32.7	+2,729	521	+294	9.00
June	4.5	31.0	21.3	+3,930	656	+383	9.00
July							9.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1986							
1st qtr.	179.1	122.4	142.4	96.5	96.9	1,835	75.1
2nd qtr.	184.0	125.8	145.7	97.8	98.7	1,714	76.1
3rd qtr.	187.4	120.8	146.3	97.9	98.3	1,464	71.9
4th qtr.	191.0	127.4	147.4	99.1	98.2	1,608	68.2
December	192.4	130.4	147.9	99.6	98.8	1,638	68.4
1987							
1st qtr	192.0	129.8	149.3	100.3	100.5	1,539	69.9
2nd qtr.	198.6	128.7	150.8	101.9	101.8	1,598	72.8
January	190.4	131.7	148.9	100.0	100.9	1,603	68.6
February	191.2	129.6	149.3	100.4	100.7	1,601	69.0
March	194.5	128.2	149.7	100.6	100.7	1,529	71.9
April	195.9	128.4	150.5	101.8	101.6	1,554	72.4
May	198.1	128.0	151.0	101.9	102.2	1,612	73.3
June	199.9	129.6	151.0	101.9	101.6	1,629	72.6
July		129.8	151.2	101.8	100.4	1,632	72.8

* Not seasonally adjusted.
† Net changes in amounts outstanding, excluding bank loans.

UK COMPANY NEWS

Owen & Robinson back in black and calls for £1.8m

BY FIONA THOMPSON

Owen and Robinson, the retail and wholesale jewellery group, yesterday announced a return to the black for the year to May 31, 1987 and a deeply discounted rights issue to fund five new branches.

The company proposes to raise £1.8m after expenses by a one for four issue of 458,333 shares at 400p.

Shares closed last night at 963p up 53p on the day.

Preliminary pre-tax profits totalled £138,000 against a loss of £89,000 in 1986 on increased turnover of £5.05m (£888,000). The results include a pre-tax profit of £121,000 from Acrogold, the gold jewellery importer acquired by Owen & Robinson last November. The comparative figures do not include the results of Acrogold.

The board is recommending a final dividend of 0.5p (0.25p), which, together with the interim dividend of 0.25p, makes 0.75p for the year. The tax charge is £45,000, against £3,000 last year. Earnings per share are 5.61p compared with a 6.66p loss.

An extraordinary debit of £304,000 includes £156,000 in costs connected with the acquisition of Acrogold and for the 55 per cent of F. W. Lawrence Jewellers purchased in May.

Following the May deal, the company decided the greatest growth potential for the retail division lay in adopting the F. W. Lawrence format and most of the shops have since been so restyled. According to Mr Richard Ratner, chairman, the board "is confident that the changes implemented will lead to a far better result in the current year."

On the wholesale division, Acrogold has performed satisfactorily, said Mr Ratner, having begun to supply the major multiples as well as the traditional independent jewellers. In addition, moves have been made to include the mail order companies among its customer base.

The company's long term expansion plans include boosting the retail division to about 60 branches over the next five years. On a less ambitious scale, its proposal to open five further outlets by Christmas, bringing the total to 12, has prompted the rights issue.

The deep discount, Mr Ratner said, was because the company did not want to underwrite the issue. "We wanted a few more shares. We only needed a certain amount of money. Our directors are taking up 48 per cent of the issue."

Hogg Robinson £35m taken up

By Richard Tomkins

Hogg Robinson, the travel, transport, and financial services company, yesterday said that shareholders and employees had fully taken up the offer of 19m new ordinary share which was held as a fund-raising exercise following the company's demerger from the Hogg Robinson insurance group.

The shares had been placed with institutional investors at 185p each to produce £35m gross for the company's expansion. However, a clawback arrangement gave Hogg Robinson plc shareholders the right to take up 41 of the shares for every 100 held, and they were guaranteed 90 per cent of those applied for.

A total of 17.58m shares, of 92.5 per cent of the total available, were applied for. Employees, who were given preferential terms, applied for another 1.78m.

another 1.78m. Shareholders who applied for more than 90 per cent of their entitlement will therefore face a degree of scaling down above the 90 per cent level.

The institutions which will no longer receive shares through the placing are in any case mostly shareholders in Hogg Robinson.

DY Davies advances to £1m

DY Davies, the USM-quoted architect, lifted taxable profits from a pro forma £765,000 to £1.04m in the year ended April 30, 1987. Turnover moved up from £5.73m to £8.15m.

Mr David Davies, chairman, announced a proposed final dividend of 3p, making a total for the year of 4p. Earnings per 5p share increased from 9.4p to 12.7p.

He said he was hopeful that the company could expand its regional identity. It was currently in negotiation with several architectural practices throughout the UK, negotiations which had become protracted through tax difficulties involved in changing status from partnership to company.

A general increase in workload gave him confidence for the company's future. In February DY Davies bought Jackson Greenen Down for £445,000 and Trevor Wilkinson Associates for £400,000. It also bought Chapman Lisle Mansfield. In addition it acquired quantity surveyors Venning Hope and Taylor Smith.

Mr Davies said that in the past 12 months the company had been commissioned by many new major clients, including J. Sainsbury and St Martins Property Corporation, and had also been invited to participate in work abroad. It had prepared designs for a residential scheme in the US and was looking at schemes in Spain, Malta and Greece as well as others in the US.

The company had formed DY Davies Design to capitalise on the substantial growth in the market for interior and graphic design. Mr Davies said he was confident that it would be profitable within the next 18 months.

Tax took £388,000 (£338,000) and retained earnings amounted to £437,000 (£427,000).

Hambro acquisition

Cunningham Hart Holdings, the Hambro Group's loss adjusting subsidiary, has completed the acquisition of a controlling interest in the leading Dutch firm of loss adjusters, Polak Schoute Reheer, with partners of Polak Schoute retaining a 25 per cent interest in the operation.

The new name of the acquisition is to be Cunningham Hart Europe. Netherlands domestic business wil continue to be transacted under the banner of Polak Schoute.

J Saville Gordon

J. Saville Gordon Properties has paid £1.2m cash for a group of reversionary retail properties in Scotland, where it already has considerable holdings. The 30 retail units and three office buildings in the deal produce a rent roll of more than £160,000 annually.

The company stated that it would continue to seek further investment to add to the existing portfolio of retail, office and industrial properties.

Fleming Property

Four farm properties have been withdrawn from the Fleming Property Unit Trust portfolio — the £160m-plus bunch of properties which is currently being auctioned by agents, Lane Fox. Options on the farms have been taken up by tenants but the impact on the overall portfolio is minimal. They represented less than 2 per cent of income from the unit trust.

Lane said yesterday that there was no intention to consider offers until the September 17 closing date. The agents are looking to sell the portfolio—valued in May at £160m—as one lot, but say there has been interest from consortia, including Japanese investors.

Alfred Walker gets 97.35% applications

Alfred Walker, the Birmingham-based commercial property developer, said applications from shareholders under the open offer were received in respect of 5,155,929 new ordinary shares, representing 97.35 per cent.

The purpose of the offer was to finance the proposed acquisition of Surrey Park Homes, Neilson Travel and the Hotel Burstin, Folkestone.

The directors of Alfred Walker have received irrevocable undertakings to vote in favour of the resolutions to be put at an extraordinary meeting in respect of 4,289,659 ordinary (53.37 per cent).

Chloride conversion

No shareholder has objected to Chloride Group's proposal to convert the 7.5 per cent cumulative convertible preference shares. The conversion proposals are therefore unconditional.

The new ordinary will not rank for the 1.9p dividend in respect of the year to March 31 1987.

Aalco expansion

Aalco, international metals distribution group, and a subsidiary of Amari, is to purchase Leichtmetall Castens and Krohn from Vereinigte Aluminium Werke in a deal worth some £1.2m.

LCK is a distributor of aluminium semis, based in Hamburg, and its acquisition represents a strategically important addition to Alcoa's distribution network in the Federal Republic where it is already established in Nuremburg, Regensburg, Stuttgart and Dusseldorf.

Kingston Oil and Gas has acquired further oil and gas properties in Ohio in line with its policy of acquiring existing producting properties in its established area of operation.

Kingston has paid a total of US$150,000 (£93,000) in cash for 100 per cent working interests (68 per cent net revenue interests) in four leases in Muskingham County.

Nichols (Vimto) rises to £3m

J. N. NICHOLS (Vimto) Manchester-based soft drinks manufacturer increased its profits from a depressed £2.81m to £3.01m at the pre-tax level for the first six months of 1987.

The interim dividend is being lifted by 0.25p to 3.15p from earnings 1p higher at 10.4p per 25p share.

Directors said the improvement was achieved despite depressing weather and temporary disruptions brought about by the installation of a new £1m canning line in Southampton.

Increased export sales and the inclusion of a full six months profit from Cabana gave the half year a boost.

It was pointed out that the company was already benefiting from the change to natural colour and from the introduction of the new Diet Vimto product.

The directors were confident that the steady improvement in earnings would continue in the second half.

Turnover for the first six months advanced from £13.93m to £14.18m, generating operating profits of £2.3m compared with a previous £1.92m. Profit from other activities amounted to £704,000 (£886,000).

Tax was little changed at £1.06m (£1.07m) and left the net balance £207,000 ahead at £1.95m.

For the 1986 year as a whole the company raised its pre-tax profits to £5.92m (£4.85m) and paid a total dividend of 7p (6p).

Hobsons at £161,000

Hobsons Publishing, a specialist in educational publishing and which obtained a full Stock Exchange listing earlier this year, returned profits of £161,000 pretax for first half of 1987 compared with losses of £10,000 for the same period of 1986.

Turnover expanded from £1.33m to £1.93m. After tax of £56,000 (nil) earnings emerged at 4.9p (0.5p loss) per 5p share. An interim divdend of 2p is being paid.

Hobsons came to market in February via a placing of 890,000 ordinary shares at 250p each. Yesterday the shares closed 10p lower at 465p.

The company has three divisions. One produces textbooks and guides for students another publishng trade directores and the third offers a publishng consultancy service to clents who want to communicate with students or other specific groups.

Hobsons has completed the acquisition of Johansen Publications, publisher of a guide to hotels in Great Britain, and the directors are confident that profits from the company can be further improved.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims: Cattle's, T. Clarke, Gaskell Broadloom, Hodgson, Isle of Man Steam Packet, Johnson Group Cleaners, Liberty Life Association of Africa, Microvitec, Queens Moat Houses, Task Force, Ward Holdings, Waterford Wedgwood.

Finals: Aerospace Engineering, Genbel Investments, Samuel Heath.

FUTURE DATES

Interims:	
Bilton (Percy)	Oct 5
Braime (T. F. & J. H.)	Aug 28
Brent Chemicals International	Sept 14
Erith	Sept 30
Ex-Lands	Aug 28
Executex Clothes	Sept 1
Fisher (James)	Aug 27
Gold and Base Metal Mines	Aug 28
Intnl Bus Communications	Sept 15
Phicom	Aug 25
Pleasurama	Aug 24
Rowntree	Sept 10
Sun Alliance and London Ins	Sept 2
United Biscuits	Sept 16
Watmoughs	Sept 22
Wickes	Sept 3

† Amended

APPOINTMENTS

Chief executive for Sumrie Clothes

SUMRIE CLOTHES has appointed Mr Anthony Phillips as a director and chief executive. He was managing director of the Littlewoods Organisation and merchandise director of British Home Stores for 10 years. As a director of the Newship Group, Mr Phillips was involved in takeovers and acquisitions.

★

Mr R. J. Edmunds has been appointed to the board of CLIFTON INNS as operations director. He was regional general manager.

★

LAURENTIAN HOLDING CO has elected Mr James Cross as a deputy chairman of Laurentian Holding Co and chief executive of Imperial Trident, the holding company's life assurance subsidiary.

★

Mr T. Mayer, chief executive of THORN EMI Technology Group and vice president of the SBAC for the past 12 months, was elected president of the society for 1987-88. He takes over from Mr R. H. Robins, managing director of Rolls-Royce, who becomes the society's deputy president. Mr I. R. Yates, deputy managing director (engineering), British Aerospace, was elected vice-president.

★

J. P. MORGAN INVESTMENT MANAGEMENT INC has appointed Mr Kenneth W. Anderson, managing director, to head its London office. Mr Anderson, who has been based in New York since he joined Morgan in 1976, has been active in the management of institutional portfolios and has played an important role in developing Morgan's asset allocation strategy.

★

ALLIED DUNBAR ASSURANCE has appointed Mr Ladislav Suchopar to the main board. He becomes board director responsible for the company's line administration divisions. Previously executive director of Allied Dunbar Assurance and joint managing director of Allied Dunbar and Co, Mr Suchopar now assumes responsibility for the company's life, pensions and homeloan administration functions in addition to maintaining his previous responsibilities.

★

BSR has appointed Mr Rex Thorne as an executive director and Mr Harry Harrison, former chairman of Simon Engineering, as a non-executive director.

★

COLMAN RSCG has invited Mr Chris Guille-Marrett to join the board and has appointed him to the newly-created post of international general manager. His role will be to strengthen the operational links between Colman and the RSCG International Group.

Mr Thomas Horton has been appointed finance director of DE MORGAN AND CO. He joined in January as company accountant and secretary from Allied Dunbar Property Funds.

★

Mr Alex Hutchinson has been appointed a director of SHERATON (UK), principal operating subsidiary of Sheraton Securities International.

★

Cookson group board changes

COOKSON GROUP has appointed Dr Ralph Iley and Mr Richard Oster managing directors to concentrate on the development of the group world-wide. Consequently Dr Iley, group development director and divisional chief executive of Cookson materials division, will give up his divisional operational responsibilities in order to devote a greater proportion of his time to his new task. Similarly Mr Oster, a group director and chief executive of Cookson America division, will be handing over his direct operational responsibilities in America to Mr Donald Carcieri, hitherto the sector president of base metals, who has now been appointed executive vice president and chief operating officer of Cookson America Inc.

★

Three new directors have joined the board of SCANRO HOLDINGS. They are: Mr David Wicking who becomes chairman, Mr John Knox and Richard Bridgeman, the 7th Earl of Bradford. Scanro's founder and former chairman Mr Arne Bergbrant becomes managing director. Directors resigning from the board are Mr Gosta Bergbrant, Mr Ian Fenn, Mr Denis Michelson, and Mr Kristoffer Forster. The reorganisation follows the 29.9 per cent stake taken in Scanro by D. Wicking and J. Knox and Associates last month.

★

Mr Hugo Kirby has been appointed managing director of the ASTLEY GROUP, and Lord Hamilton becomes a director. Mr Kirby was chief financial officer of Harlow and Jones.

★

The PERGAMON GROUP has appointed Mr Ron Woods as deputy managing director (finance). He will join the boards of BPCC, Hollis and Stothert & Pitt.

HILLSDOWN HOLDINGS has appointed Mr John Jackson its deputy chairman from January 1 1988. Mr Kevin O'Sullivan will become Hillsdown's finance director at the same time. Mr O'Sullivan is finance director of Hillsdown's Christie-Tyler subsidiary.

Following the acquisition of Kerry Ultrasonics in March by HALMA, the company's managing director, Mr Gordon Littleford, has been appointed to the divisional board of the machinery and services division.

★

DPCE HOLDINGS has appointed Mr Aalt Vaandering to the board. Earlier this year Mr Vaandering assumed responsibility for the development of DPCE's activities in France, the Netherlands and Belgium. As a main board director he will be responsible for all DPCE European operations excluding the UK.

★

Sir George Moseley KCB, has been appointed chairman of the CEMENT AN CONCRETE ASSOCIATION, following the retirement of Dr Gordon Marshall. Sir George, a former permanent secretary of the Department of the Environment, also continues as chairman of the Cement Makers' Federation.

★

Public Works Loan Board commissioners

Mr William H. P. Davison has been appointed deputy chairman of the commissioners of the PUBLIC WORKS LOAN BOARD in succession to Mr Wilfred Bowdell, who has retired. Mr Robin Dent, and Mr Roy Emmett have been appointed commissioners to fill the vacancies caused by the retirement of Mr Bowdell and Mr Stephen G. Dunster. Mr Graham Ross Russell has been reappointed a commissioner. Mr Davison is a former treasurer of Oxfordshire County Council. Mr Emmett is treasurer of Gwent County Council. Mr Dent is a non-executive director and former managing director of Baring Brothers & Co. Mr Ross Russell is a director of Laurence Prust & Co and deputy chairman of the stock exchange.

Mr Tony J. Holdsworth has been appointed managing director of UNIVERSITY MEDICAL AND GENERAL, wholly-owned financial services subsidiary of Burns-Anderson. He will continue as a main board director of the Burns-Anderson Group.

Mr Julian Schild has been appointed to the board of HUNTLEIGH TECHNOLOGY as finance director.

★

SIBEC DEVELOPMENTS has made the following changes: Mr Maurice Fitzgerald has joined Sibec's London office as development director. He was with the Prudential. Mr Graham Richardson has by mutual agreement, resigned from the board. Mr Michael Stappard has been taken on by Sibec London to deal with shopping centre developments.

★

The secretary of the industrial relations council of the CONFEDERATION OF BRITISH WOOL TEXTILES, Mr John Lambert, has been appointed its director - designate. He will become director in March next year on the retirement of Mr Harry Padget.

★

Mr Hamdi Conger has been appointed managing director of BOSAL (UK), Preston, part of the Bosal International Group. He was with Parker Hinnifin Corporation.

★

MORCEAU HOLDINGS has made the following changes. Mr Peter Smith a co-founder, has resigned as an executive director of Morceau Holdings and as managing director of Morceau-Aaronite, to take voluntary early retirement. He will remain a non-executive director and intends to retain his shareholding. Mr Roger Cochrane will assume responsibility for the day-to-day running of Morceau-Aaronite whole retaining his position as chairman of the group. Mr Stephen Clarke, a non-executive director, has also resigned from the board of Morceau Holdings. He is a director of Charterhouse Development Capital. Mr Peter Simonds has been appointed a non-executive director of Morceau Holdings. He is chairman of Haden Group and holds other directorships in the UK and North America.

★

GUY BUTLER (INTERNATIONAL) has appointed Mr J. W. Herbert as deputy managing director and Mr T. R. Bond as a director.

★

FULLER PEISER has appointed Mr Jonathan Griffith as director of finance. He was finance director of Officescape.

★

Dr Arthur Foord has been appointed northern region director of the CONFEDERATION OF BRITISH INDUSTRY. He succeeds Mr John Gunn. Dr Foord was assistant director at the CBI's Yorkshire and Humberside office.

COMMODITIES AND AGRICULTURE

Nipping the fruit fly menace in the bud

BY LOUISE KEHOE IN SAN FRANCISCO

CALIFORNIAN officials are determined to frustrate the reprodutive efforts of invading Mediterranean fruit flies which are posing a threat to the state's fruit crops.

Several of the dreaded insects were disovered in a Los Angeles suburb this week.

In about a month, when the breeding season starts, officials will order the release of millions of sterile male flies in an effort to distract the attentions of female insects from fertile partners.

The birth control scheme is just a part of a major effort to eradicate the pest, which has become an increasing concern to the state's fruit growers in recent years.

Eight Mediterranean fruit flies have been discovered in the Los Angeles area over the past four weeks, enough to prompt a determined counterattack. The authorities have already begun ground spraying of pesticides and have declared a 76-square-mile area of suburban Los Angeles quarantined.

Known as the "super pest," the Mediterranean fruit fly is particularly dangerous to agriculture because it preys on more than 200 varieties of produce. It reproduces quickly and can survive in a range of climates.

The most serious Medfly invasion in California was in 1981 and 1982, when infestations caused crop damage estimated at $73m and cost nearly $100m to eradicate with extensive aerial spraying and stringent local controls.

Oil prices fall as stocks rise

By Max Wilkinson

OIL PRICES continued their steady fall yesterday after the American Petroleum Institute issued figures showing a significant increase in stocks of crude and products.

In London, the price of Brent crude fell a further 30 cents to $18.55 per barrel under the influence of a sharp decline in prices on the New York mercantile exchange.

By midday the Nymex price for light crude for September delivery fell 35 cents to $19.55 per barrel, before recovering later. Traders said the continuing over-production by members of the Organisation of Petroleum Exporting Countries overshadowed anxieties about the effect of attacks on tankers in the Gulf.

This was reinforced by the confirmation from the Pentagon that a convoy of Kuwaiti tankers had negotiated the Straits of Hormuz successfully.

The API figures showed that crude stocks increased 1.1m barrels while distillate stock rose 2.8m barrels compared with the figures for the previous month.

These figures reflect the fact that output by Opec members has reached its highest level since last summer, with industry estimates suggesting combined output of 19.7m barrels a day for this month, more than 3m b/d above the agreed quota of 16.6m b/d.

Second New York exchange studies 24-hour trading

BY DEBORAH HARGREAVES IN NEW YORK

THE NEW YORK Mercantile Exchange (Nymex) looks set to join the race among US exchanges towards 24-hour trading by extending its trading hours. At a meeting last night, members of the exchange's board were considering an earlier opening time or the addition of an evening trading session.

The move comes in response to discussions in the oil industry and will capture additional trade from Western Europe and the Far East, Nymex president Ms Rosemary McFadden said, although she could give no specific figures for how much additional business the longer trading hours would be likely to capture.

Nymex's overseas business is currently split roughly equally between the Far East and Europe, she said.

"We need to have a lot more discussion with the members and the trading community," Ms McFadden stressed, adding that she expected the board to decide which way to move by mid-September. After that it would have to apply for regulatory approval, which could take another three to six months.

However, Mr George Gero, a trader with Prudential Bache Securities in New York and treasurer of the Nymex board, is wary of longer hours. "I think the floor is against the idea," he stated. "It is a lot of extra expenses which not everyone will be in a position to gain from." Mr Gero pointed out that it was expensive to maintain a presence on the floor for an additional session and that the floor members who would carry the cost would not necessarily get a share of any extra business. He considered that a link with an overseas exchange made much more sense.

Nymex is also discussing the possibility of extending its trading hours through a formal link with London's International Petroleum Exchange on its West Texas Intermediate futures contract. A third side to the triangle could be a linkage with an exchange in the Far East over the longer term, exchange officials have suggested.

The Nymex board was currently considering all these proposals, Ms McFadden noted, but from an operational point of view it would be difficult to institute more than one at once.

If the exchange were to go ahead with longer opening hours, they would include "either the entire energy complex or the entire metals complex."

The Nymex move follows hard on the heels of an announcement by its arch and often bitter rival, Comex, that it would add a three-hour evening session to its trading day between 6.00 pm and 9.00 pm. But Nymex officials stressed that they had been looking at longer hours for some time.

The Chicago Board of Trade is currently the only US exchange that opens in the evening, with the Philadelphia Stock Exchange set to go ahead with a 9.00 pm to 11.00 pm session on September 17. Comex said it was still considering the move and had not yet applied for regulatory approval.

Bigger sugar deficit forecast

By Richard Mooney

WORLD SUGAR production may fall short of consumption by around 3.5m tonnes next year, according to C. Czarnikow, the London trade house.

In its first estimate of the coming season's supply/demand balance Czarnikow puts 1987-88 world production at 101.99m tonnes, down from 103.65m tonnes in 1986-87. Its first, even more tentative, forecast for 1988 consumption — also contained in its August Market Review — puts the figure at 105.5m tonnes, up from 103.95m tonnes estimated for 1987.

The broker expects the implied reduction in stocks to be from a higher level than it had indicated earlier, however, because of a higher than anticipated 1986-87 production figure.

The expected reduction in production next season is largely attributed to the EC, where output is projected to fall from 15m tonnes to 13.66m. Cane production in the Americas, Africa, Asia and Australia is not projected to differ greatly from the 1986-87 level.

Bismuth prices soar on renewed Soviet buying

BY DAVID BLACKWELL

BISMUTH PRICES, which have been rising steadily since the beginning of this year, have soared from $3.12½ a lb to $4.47½ a lb this month.

Traders believe the rise in the price of the metal, which opened the year at $2.20 a pound, has been sparked off by the return of the Soviet Union to the market after a year's absence. They also believe that prices have been artificially depressed for years, partly because of high stocks which producers have now cleared.

So far this year the Soviets have bought 200 tonnes of bismuth, and they are expected to buy as much again before the year ends. Total world sales are expected to be about 4,000 tonnes this year, and analysts are forecasting a steady price of about $5 a pound at the end of the year.

Bismuth, a byproduct of both lead and copper refining, is used for medicinal purposes, as well as in the manufacture of alloys and in some steel processes.

The main producers are Peru, Mexico and China. Belgium also refines the metal from Bolivian material.

Cuban province suffers from drought

A PROLONGED lack of rains over Cuba has particularly affected the rich agricultural province of Camaguey, hit by the worst drought of the past 40 years, Reuter reports from Havana.

Reservoirs in the sugar-producing and cattle-growing eastern region were only 9 per cent full, according to a report on national television.

A commentator said 500,000 head of cattle had been relocated, new water wells had to be drilled and 100,000 tonnes of sugar were lost in the last harvest.

Fresh warning on wool price surge

THE SURGE in wool prices in recent weeks could have serious consequences for the Australian wool industry and may undermine years of grower-funded investment in stimulating demand, according to Mr David Asimus, chairman of the Australian Wool Corporation.

He thinks it is highly unlikely, however, that the prices seen so far this wool selling season can be sustained in the long term, Reuter reports from Melbourne.

Wool prices, especially for the fine merino categories of 21 micron and finer, have risen sharply since the start of the 1987-88 season three weeks ago.

At sales in Sydney on Tuesday, 20 micron wool jumped 180 cents a kilo clean to 1,400 cents, bringing the rise in that category to more than 300 cents since the season began.

The key market indicator average closed at a record 908 cents a kilo (clean), 20 per cent above the 755 cents at which it ended the 1986-87 selling season in June.

"I believe what has happened is that at the commencement of the season more wool has been sold forward than is available for purchase, especially at the finer end of the clip," Mr Asimus said yesterday.

Buyers then scrambled to cover their orders, he added.

The resulting increase in prices had prompted those further along the manufacturing chain to take a position in the market to secure supplies of yarns and fabrics and to insure against further price rises.

The result is a market driven by psychological factors rather than sustainable demand, he said.

The politics of Indonesian cloves

BY JOHN MURRAY BROWN IN JAKARTA

INDONESIANS USED to call cloves the gambler's crop. Such was the price that a farmer could earn more in one year from 20 mature trees than the national per capita income.

Today a bumper harvest of an estimated 60,000 tonnes is forcing prices down, threatening the livelihood of the 2m smallholders who grow the spice and putting pressure on the small band of Indian Ocean countries which rely on clove shipments to Indonesia for up to 70 per cent of their foreign exchange earnings.

In a shrinking world market Indonesia has assumed the leading role as the main producer and consumer of what was once a highly prized cash crop but which today has fast become a price inelastic staple.

Until recently it was also the world's largest importer, with world prices largely determined by Indonesian domestic needs. In 1981 for example, when clove prices were £9,000 a tonne (cif), Zanzibar and Madagascar together supplied $120m worth of high quality cloves to flavour the country's "kretek" cigarettes, demand for which was expanding.

That was under a trade protocol signed in 1973 which still stands but, officials suggest, will probably be waived this year because of Indonesia's domestic supply glut.

"If we are to import cloves, what are we to tell our farmers?" says Mr Hamid Ardjo of P. T. Mertju Buana, one of two companies controlling this US dollars 200m-a-year trade.

The clove has always been a political commodity — from the 17th century when European colonial powers fought over its monopoly to the gun-running operations of the clove cigarette makers during Indonesia's war of independence with the Dutch.

Today the trade is again the subject of some public attention, controlled as it is by President Suharto's brother, Mr Probosutejo and Mr Liem Sioe Liong, the country's leading Indonesian-Chinese businessman.

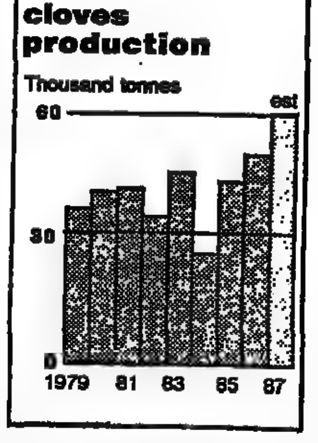
In April, President Suharto entered the debate, making a personal plea to smallholders to hold onto stock if merchants continued to offer low prices. Latest reports from the main growing areas of North Sulawesi suggest that prices are continuing to fall as farmers clear stock to meet short-term needs. Meanwhile, cash shortages are preventing the state-run co-operative (Kud) from entering the market to prop up prices, now as low as Rupiah 5,300 a kg (£2) compared with Rp 7,000 a year ago.

The crisis results, in part, from the Government's drive for self-sufficiency, prompted by the need to conserve scarce foreign exchange, to provide jobs for a labour force growing by 2m every year, and to meet the demands of an expanding market for kretek cigarettes (made of one part cloves to four parts tobacco).

The kretek industry is the country's largest private employer and the Government's biggest single source of excise tax revenue.

Many private agriculturalists point out that the target would have been reached earlier but for the rapid spread of Sumatra disease, a problem which has decimated the crop in some areas, causing losses to farmers of more than $20m a year and severely disrupting the rural economy.

Indonesian cloves production



Experts predict that this fungal disease, which kills the tree by attacking its water-carrying vessels, could wipe out plantations in all parts of Sumatra except Aceh in the north-west tip within two or three years, unless a cure is found.

Much will depend on a research programme currently funded by the UK's Overseas Development Administration, which has been studying the disease for more than 10 years in conjunction with Indonesia's Institute for Spices and Medicinal Crops.

Cloves have long been regarded as the quintessential development corp.

Production is labour intensive, taking up four man-days to harvest a mature tree. But with plant growth being critically dependent on sunshine cropping is often staggered from island to island, so the labour problem can be overcome by the use of itinerant pickers. Furthermore, the tree's habit of flowering in three-year cycles helps to iron out yield variations if the farmer has spaced his saplings judiciously.

Although the clove is a very storable commodity the Indonesian market tends to be seasonal. Christian farmers of North Sulawesi like to sell before Easter and other feasts, while Moslems, in Aceh, for example, may stockpile for up to two years to pay for the *hajj* pilgrimage to Mecca.

Demand continues to depend on the kretek business, the country's first indigenous industry, started at the turn of the century in the small town of Kudus in East Java. Kretek's growing popularity has already brought palpable social change in the villages. Women now smoke in public, whereas a few years ago chewing the betel nut was their only permitted form of distraction. The trend is mirrored in urban areas where an anti-smoking lobby is only just beginning to make itself heard.

In the short term, however, this year's low prices, compounded by increases in the price of basic staples like sugar, cooking oil and rice, will probably serve as more of a brake on production than any amount of warnings about health considerations.

LONDON MARKETS

COCOA prices fell to their lowest levels for two months in London yesterday as traders revised upwards their estimates for the Ivory Coast crop. Earlier this year predictions suggested a cut in Ivorean production of up to 100,000 tonnes after a lengthy dry spell bordering on a drought. Now traders believe the crop could almost match last year's estimated total of 590,000 tonnes. Meanwhile copper prices retreated further in thin trading on the London Metal Exchange following Tuesday night's reversal in chart patterns on New York's Comex. But dealers believe that sound fundamental factors are continuing to underpin generally bullish sentiment, although the market is expected to be influenced by further activity by chart-influenced investment funds. Nickel prices extended Tuesday's sharp fall, also in thin trading. Dealers said any renewed strength would depend largely on the outcome next month of labour talks at Inco's Manitoba facilities.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial (close p.m.) $ per tonne	+ or −	High/Low
Cash	—	—	
3 months	1718-22	−5	1722/1718

Official closing (am): Cash —— (——), three months 1,718.22 (1,724-8), settlement —— (——). Final Kerb close: ——. Ring Turnover: —— tonnes.

99.5% purity	£ per tonne		
Cash	1150-2	−6	1155/1154
3 months	1051.5-2	−2.75	1057/1050

Official closing (am): Cash 1,154-5 (1,153-4), three months 1,056.5-7.5 (1,057-8), settlement 1,155 (1,154). Final Kerb close: 1,049-50. Ring Turnover: 14,228 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or −	High/Low
Cash	1075-6	−28	1088/1075
3 months	1064-4.5	−25.25	1075/1064

Official closing (am): Cash 1,088-8.5 (1,107.5-8.5), three months 1,075-6 (1,093-3.5), settlement 1,088.5 (1,108.5). Final Kerb close: 1,064-5.

Standard			
Cash	1075-6	−27	1086
3 months	1060-2	−25	—

Official closing (am): Cash 1,086-8.5 (1,106-8), three months 1,072-4 (1,088-90), settlement 1,088.5 (1,108). US Producer prices: 80-86 cents a pound. Total Ring Turnover: 54,475 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	400-1	−15	400/395
3 months	384-5	−6.75	385/376

Official closing (am): Cash 395-5.5 (417.5-8), three months 377-8 (392.5-3), settlement 395.5 (418). Final Kerb close: 381-2. Ring Turnover: 23,950 tonnes. US Spot: 14-15 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	3210-20	−55	3290
3 months	3235-40	−55.5	3289/3235

Official closing (am): Cash 3,320-5 (3,315-20), three months 3,235-40 (3,319-21), settlement 3,325 (3,320). Final Kerb close: 3,235-40. Ring Turnover: 2,010 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	487-8	−5.5	488.5
3 months	487.5-8	−5.5	491/486

Official closing (am): Cash 488.5-9 (495-6), three months 488.5-9 (493-4), settlement 489 (496). Final Kerb close: 490-0.5. Ring Turnover: 7,500 tonnes. US Prime Western: 47.5-48.5 cents a pound.

TIN

KUALA LUMPUR TIN MARKET—Close: 16.57 (16.50) ringgit per kg. Up 0.07.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.	Calls Jan.	Puts Nov.	Puts Jan.
Aluminium 99.7%	—	—	—	—	—
Aluminium 99.5%	$1,650	85	64	47½	95
	1,675	71	54	59	110
	1,700	56½	46	72	126
Copper (Grade A)	$1,700	72½	73½	64	98
	1,725	60	64	77½	114
	1,750	48	—	—	—
Copper (Grade A)	£/tonne 1,025	—	—	19	35
	1,050	44	45	29½	47
	1,075	30	34	—	—

Estimates.

GOLD

GOLD BULLION (fine ounce)	Aug 19	
Close	$455½-456	(£281¾-282¼)
Opening	$458½-459	(£284½-285)
M'n'g fix	$457.65	(£284.255)
Aft'n'n fix	$456.35	(£282.557)
Day's high	$458½-459	—
Day's low	$454½-455	—

GOLD AND PLATINUM COINS		
Am Eagle	$468-473	(£289½-292½)
Mapleleaf	$469-472	(£290-292)
Kr'g'r'nd	$454-457	(£280¾-282½)
½ Krug	$239½-240½	(£148¼-148¾)
¼ Krug	$121-122	(£74¾-75½)
Angel	$467-470	(£288¾-290½)
1/10 Angel	$45¾-50¾	(£28¼-31¼)
New Sov	$107-108	(£66¼-66¾)
Old Sov	$107-108½	(£66¼-67¼)
Noble Plat	$620-628	(£383½-388½)

MEAT

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 96.57p per kg lw (−1.54). GB—Sheep 146.56p per kg est dcw (−34.50). GB—Pigs 72.34p per kg lw (−3.07). GB—AAPP 96.72p per kg dw (−0.30).

FUTURES—Pigs: Nov 103.10. Sales: 1. Live cattle: Oct 95.40. Sales: 1.

RUBBER

PHYSICALS—Closing prices (buyers): Spot 69.75p (69.50p); Sept 69.75p (68.50p); Oct 69.00p (68.75p). The Kuala Lumpur fob prices (Malay/Singapore cents) per kg was RSS No 1 262.5; SMR 20 228.5.

INDICES

REUTERS

Aug. 19	Aug. 18	M'th ago	Year ago
1672.4	1656.3	1627.5	1449.7

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Aug. 18	Aug. 17	M'th ago	Year ago
Spot	129.46	129.48	—	116.59
Fut	129.39	129.91	—	116.11

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Aug. 19 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1545/565		$1605/700
Copper			
Cash Grade A	£1075.5	−28	£1065
3 months	£1064.25	−25.25	£1051.5
Gold Troy oz	$455.75	+2	$454.75
Lead Cash	£400.5	−13	£412
3 months	£384.5	−6.75	£389.5
Nickel			
Free Mkt	234/254c	−6	221/241c
Palladium oz	$139.00	−0.50	$141.00
Platinum oz	$595.40	−2.35	$575.50
Quicksilver†	$270/280	−5	$235/245
Silver troy oz	476.55p	+2.95	483.95p
3 months	488.95p	+2.35	495.35p
Tin			
free Mkt	£4190/210	+20	£4090/050
Tungsten	$53.59		$53.59
Wolfram 22.01lb	$45/55		$46/55
Zinc	£487.5	−5.5	£511
3 months	£487.75	−5.5	£501.5
producers	$860		$860
OILS			
Coconut (Phil)	$480x	−10	$415
Palm Malayan	$320y		$292.5
Seeds			
Copra (Phil)	$310t	−10	$285
Soyabean (U.S.)	$147.5	−1	$150.5
GRAINS			
Barley Fut. Nov.	£101.10	+0.85	£99.60
Maize	£153.00		£163.50
Wheat Fut. Nov.	£102.10	+0.20	£101.25
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1255.5	−11.5	£1345.5
Coffee Ft. Nov	£1262	−12	£1524
Cotton A Ind.*	67.30c	−0.4	64.25c
Gas Oil Oct.	$157.25	−0.25	$167.75
Rubber (kilo)	69.75p	+0.25	70p
Sugar (raw)	$157.6u	+0.4	$156.6
Wooltops 64s	539p kilo		479p kilo

SILVER

Silver was fixed 2.05p an ounce higher for spot delivery in the London bullion market yesterday at 476.55p. US cent equivalents of the fixing levels were: Spot 769.1c, up 4.1c; three-month 780.0c, up 4.45c; six-month 793.85c, up 4.3c; and 12-month 823.9c, up 4.25c. The metal opened at 482½-484½p (778-780c) and closed at 474-475½p (766-768c).

SILVER per troy oz	Bullion Fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	476.55p	+2.05	765.5c	+1
3 months	488.95p	+2.35	780c	+5.5
6 months	501.05p	+2.25	—	—
12 months	526.55p	+2.45	—	—

LME—Turnover: Nil (nil) lots of 10,000 ounces.

Three months final kerb: 782.5-5.5c.

COFFEE

Robustas came under pressure from technical selling late in the day as moving averages crossed, reports Drexel Burnham Lambert. The bulk of the day's activity was concentrated on switches and crosses but by late afternoon the technical selling emerged and the market quickly fell £20 from the highs. Light price-fixing was easily absorbed and prices closed on the lows.

COFFEE	Yesterday close	+ or −	Business done
Sept	1240-1245	−7.0	1256-1239
Nov	1261-1262	−12.0	1282-1261
Jan	1292-1293	−4.5	1303-1292
Mar	1315-1316	−5.0	1325-1318
May	1340-1345	−4.0	1350-1343
July	1365-1370	−7.5	1371-1370
Sept	1380-1400	−5.0	—

Sales: 3,913 (3,629) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for August 18: Comp. daily 1979 96.14 (97.01): 15-day average 96.20 (96.15).

COCOA

In active trading futures eased more than £20 before a rally on the closing call left prices near the middle of the range. Physicals attracted good second-hand interest with some ligh producer business also noted, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or −	Business done
Sept	1245-1246	−13.5	1259-1239
Dec	1256-1257	−11.5	1285-1276
March	1318-1320	−9.0	1328-1319
May	1340-1341	−8.5	1344-1332
July	1359-1362	−9.5	1360-1355
Sept	1378-1382	−6.0	1384-1370
Dec	1403-1406	−3.0	1401-1386

Sales: 3,237 (2,718) lots of 10 tonnes.

...ICCO indicator prices (SDRs per tonne). Daily price for August 19: 1,590.56 (1,611.88); 10-day average for August 20: 1,596.75 (1,597.06).

FREIGHT FUTURES

Futures spent a nervous morning with levels falling to the lows as traders closed further longs ahead of the BFI announcement. Just an 0.5 point rise in the BFI was enough to cause a strong rally and before the close the market traded limit-up and then traded 10 points over that level on the closing call, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
Oct.	1180	1185/1120	1129
Jan.	1175	1175/1120	1128
Apr.	1210	1210/1160	1170
July	1100	1100/1040	1040/1045
Oct.	1100	—	1085/1125
Jan.	1102	—	1085/1125
April	1150	—	—
BFI.	1129	—	1128.5

Turnover: 378 (317).

GRAINS

Wheat steadied on shipper cum speculative buying reaching an overbought situation, before easing on commission house selling to close just off the lows. Barley rekindled the previous day's firmness following steady delivered and fob markets and shipper and merchant buyers were still evident at closing levels, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or −	BARLEY Yest'rdy's close	+ or −
Sep.	100.50	+0.20	98.10	+0.80
Nov.	102.10	+0.20	101.10	+0.85
Jan.	104.90	+0.15	103.65	+0.55
Mar.	107.65	+0.20	106.05	+0.45
May	110.30	+0.15	107.85	+0.40
July	112.55	+0.20	—	—

Business done—Wheat: Sept 100.55-0.40, Nov 102.35-2.00, Jan 105.15-4.85, March 107.65-7.55, May 110.35-10.30, July untraded. Sales: 303 lots of 100 tonnes. Barley: Sept 98.00-7.90, Nov 101.20-0.65, Jan 103.80-3.35, March 106.05-5.80, May 107.65. Sales: 304 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: Sept 93.50, Oct 95.75, Nov 97.25. US No 2 Soft Red Winter: Sept 88.00, Oct 92.25, Nov 94.50. French 11½-12 per cent: Oct/Dec 130.00. English feed, fob: Sept 101.50-102.75, Oct/Dec 105.00-105.50, Jan/March 109.00-109.50 buyer/sellers, April/June 113.25 sellers. Maize: US No 3 Yellow/French, transhipment East Coast: Aug 152.00-52.50, Sept 153.00-153.50. Barley: English feed: Aug 97.75-98.50, Sept 100.50-101.00 buyer/sellers, Oct 103.00, Oct/Dec 106.00 sellers, Jan/March 108.00 buyers.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 94.10, E. Midlands 93.50, N. East 93.40, Scotland 92.50. The UK monetary coefficient for the week beginning Monday August 24 will remain unchanged.

POTATOES

With futures lacking direction recently the combined influences of a weaker UK physical market and an easier Dutch quote resulted in the market opening £1.70 down. Fair volume was traded at or around the £127.00 mark, basis April, during early business, but buyers were in strength and by late in the session most of the losses had been recovered, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov.	89.80	89.60	89.00 —
Feb.	98.00	99.00	98.00 97.70
March	84.90	85.60	85.00 84.70
Apr.	128.00	128.70	128.5 126.90
May.	141.40	148.50	141.0 —

Sales: 638 (630) lots of 40 tonnes.

OIL

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel) Sept.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.80-16.90	−0.05
Brent Blend	18.50-18.60	−0.30
W.T.I. (1pm edt)	19.55-19.60	−0.40
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	188-190	−1
Gas Oil	156-158	+5
Heavy fuel Oil	100-101	......
Naphtha	154-156	......

Petroleum Argus estimates

SOYABEAN MEAL

During a lacklustre session commercial selling depressed prices, reflecting quiet and weak physical markets, reports Muirpace.

	Yesterd'ys close £ per tonne	+ or −	Business done
August	—	—	—
October	124.0-124.6	−0.85	124.5
Dec	124.0-124.8	−0.55	—
Feb	126.6-127.6	—	127.8
April	127.0-129.0	−0.65	—
June	124.0-125.0	−0.50	—
August	124.0-125.5	—	—

Sales: 113 (743) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $157.60 (£98.20), up 40c (down 40p) a tonne for Sept-Oct delivery. White sugar $182.60, up $2.20.

Sales: No 6 2,535 (1,282) lots of 50 tonnes: No 5 2,023 (2,227).

	Yesterd's close	Previous close	Business done
	$ per tonne		
No. 6 Raws			
Oct	156.0-156.2	158.4-158.8	148.4-155.0
Dec	140.8-142.0	143.2-144.0	143.8-144.8
Mar	151.8-151.8	155.2-155.4	156.8-151.8
May	156.6-158.2	158.8-159.4	—
Aug	159.4-160.2	162.4-163.4	163.8-162.8
Oct	162.0-164.0	166.0-167.8	167.4-166.8
Dec	165.0-170.8	170.0-156.4	—
No. 5 Whites			
Oct	176.0-173.5	181.2-1,819	181.5-176.0
Dec	179.7-178.9	182.3-182.7	182.5-180.0
Mar	185.6-186.8	187.0-189.0	189.5-188.0
May	188.1-190.0	192.0-192.4	191.8-191.0
Aug	195.0-194.0	194.0-196.0	196.0-192.0
Oct	198.0-199.6	197.0-198.5	—
Dec	133.0-205.6	201.0-205.6	—

PARIS—(FFr per tonne): Oct 1104-1108, Dec 1110-1115, March 1160-1161, May 1190-1195, Aug 1220-225, Oct 255-1260.

Tate and Lyle delivery price for granulated basis sugar was £202.00 (same) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for August 18: Daily price 5.67 (5.80): 15-day average 5.70 (5.68).

PARIS—(FFr per tonne): Oct 1104-1108, Dec 1110-1118, March 1160-1161, May 1190-1195, Aug 1220-1225, Oct 1255-1260.

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or −	Business done
Sept.	155.50	−0.50	157.25-54.50
Oct	157.25	−0.25	158.75-55.25
Nov	158.75	−0.75	160.50-52.75
Dec	160.50	−1.25	162.50-59.25

Turnover: 6,664 (5,544) lots of 100 tonnes.

US MARKETS

CRUDE OIL continued its retracement as good early trade selling was joined by commission house selling which elected stops, reports Drexel Burnham Lambert. However, trade support prompted light short-covering to pare losses. The precious metals were quiet but commission house buying and local short-covering kept silver and platinum prices firm, while gold eased on commission house and local selling before short-covering pared losses. Easing of the Gulf situation and the South African strike were cited as reason for gold's weakness. Copper fell sharply in early trading on fund selling and stops, but the emergence of trade buying pared losses. Coffee fell as traders liquidated positions in advance of first notice day on the September contract. Cocoa eased on speculative selling which touched off light stops in the face of scale-down trade buying. Early trade buying in sugar touched off commission house stops, but local and trade selling erased early gains as the market closed lower on the day. Reports of possible purchases by India prompted good trade and speculative buying in cotton futures.

NEW YORK

ALUMINIUM 40,000 lbs; Cents/lbs

	Close	Prev	High	Low
Aug	80.50	80.75	—	—
Sept	80.50	80.75	—	—
Oct	79.30	79.55	—	—
Dec	78.10	78.00	78.20	78.05
Jan	77.10	77.00	—	—
March	75.10	75.00	—	—
May	70.90	70.80	—	—

COCOA 10 tonnes; $/tonnes

	Close	Prev	High	Low
Sept	1922	1933	1925	1915
Dec	1941	1953	1945	1928
March	1969	1980	1969	1960
May	1991	2001	1987	1977
July	2011	2020	2010	2010
Sept	2045	2040	2030	2025
Dec	2074	2065	—	—

COFFEE "C" 37,500 lbs; cents/lb

	Close	Prev	High	Low
Sept	101.94	102.10	102.40	101.80
Dec	106.41	106.25	106.70	105.80
March	109.98	110.18	110.50	109.75
May	112.00	112.05	112.60	112.00
July	114.05	114.25	114.90	114.00
Sept	116.03	116.13	116.60	116.10
Dec	118.50	119.00	119.00	118.80

COPPER 25,000 lbs; cents/lbs

	Close	Prev	High	Low
Aug	78.05	78.35	77.60	77.60
Sept	77.70	78.00	77.85	76.80
Oct	77.10	77.30	—	—
Dec	76.00	76.10	76.15	76.00
Jan	75.45	75.60	75.35	74.60
March	74.40	74.35	74.30	73.60
May	73.85	73.80	73.50	72.70
Sept	73.45	73.40	73.10	73.10
Dec	73.45	73.40	73.00	72.40

COTTON 50,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	80.17	79.72	80.50	80.00
Dec	79.35	78.76	80.10	79.20
March	80.25	79.66	80.90	80.20
May	80.65	79.95	81.35	80.60
July	80.00	79.25	80.60	80.15
Oct	72.80	72.12	72.80	72.60
Dec	69.75	69.50	70.05	69.75

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Close	Prev	High	Low
Sept	19.57	19.90	19.80	19.55
Oct	19.42	19.71	19.71	19.35
Nov	19.34	19.63	19.65	19.28
Dec	19.33	19.58	19.58	19.28
Jan	19.35	19.56	19.55	19.30
Feb	19.38	19.55	19.58	19.33
March	19.42	19.55	19.60	19.39
April	19.41	19.55	19.55	19.39
May	19.42	19.55	19.42	19.35
June	19.40	19.55	19.55	19.37

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
Aug	458.3	458.6	458.7	455.0
Sept	459.0	459.4	—	—
Oct	461.8	462.2	462.0	459.3
Dec	467.3	467.7	467.7	463.8
Feb	473.0	473.4	473.7	470.0
April	478.7	479.1	479.0	476.4
June	484.6	485.0	482.2	481.5
Aug	490.8	491.2	484.5	488.0
Oct	497.2	497.6	—	—
Dec	503.6	504.0	500.2	500.2
Feb	510.3	510.7	—	—
June	524.2	524.6	—	—

SPOT PRICES: Chicago loose lard 14.50 (same) cents per pound. Handy and Harman silver bullion 766.5 (776.0) cents per troy ounce. New York tin 312-314 (311-312) cents per pound.

HEATING OIL 42,000 US gallons; cents/US gallons

	Close	Prev	High	Low
Sept	51.05	51.73	51.80	50.85
Oct	51.60	52.25	52.15	51.15
Nov	52.35	52.99	52.85	51.35
Dec	53.15	53.82	53.80	52.75
Jan	53.85	54.47	54.25	53.40
Feb	54.25	54.95	54.50	53.85
March	53.50	53.80	53.55	53.40
April	52.60	52.60	52.60	52.60
May	51.90	51.86	51.80	51.10
June	51.30	51.00	51.30	51.25

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Prev	High	Low
Sept	130.60	130.30	131.70	130.25
Nov	127.80	127.20	127.80	127.30
Jan	126.25	125.25	126.60	125.75
March	126.80	125.70	125.75	125.50
May	126.55	125.85	126.75	126.75
Sept	126.95	126.25	127.25	127.25

PLATINUM 50 troy oz; $/troy oz

	Close	Prev	High	Low
Aug	598.0	597.9	—	—
Oct	606.2	609.4	608.2	597.9
Jan	612.5	610.8	613.0	604.0
April	616.4	617.6	617.0	614.5
July	621.0	624.6	628.0	621.8

SILVER 5,000 troy oz; cents/troy oz

	Close	Prev	High	Low
Aug	767.1	770.8	—	—
Sept	782.5	772.5	784.0	769.0
Oct	787.4	777.4	—	—
Dec	797.5	787.4	789.0	778.0
Jan	801.9	791.8	791.0	791.0
March	812.4	802.3	814.0	799.0
May	823.0	812.9	809.0	808.0
July	834.0	823.9	820.0	820.0
Sept	845.4	835.3	—	—

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Prev	High	Low
Sept	5.80	5.93	6.05	5.80
Oct	6.05	6.24	6.27	5.97
Jan	6.34	6.47	6.58	6.25
March	6.78	6.95	6.98	6.73
May	6.94	7.11	7.12	6.94
July	7.09	7.29	7.28	7.09
Oct	7.32	7.44	7.48	7.30
Jan	7.69	7.80	—	—

CHICAGO

LIVE CATTLE 40,000 lbs; Cents/lbs

	Close	Prev	High	Low
Aug	64.72	64.45	64.90	64.12
Oct	63.52	63.55	63.87	63.27
Dec	65.32	65.35	65.65	65.30
Feb	65.37	65.37	65.72	65.15
April	65.35	66.50	66.75	66.20
Jan	65.12	65.02	66.20	65.95
Aug	64.40	64.40	64.80	64.15

LIVE HOGS 30,000 lbs; Cents/lbs

	Close	Prev	High	Low
Aug	59.27	59.40	59.45	58.60
Oct	50.30	49.05	50.50	49.20
Dec	48.27	47.20	48.58	47.40
Feb	46.45	45.37	46.60	45.60
April	42.87	42.45	43.05	42.37
June	44.47	44.20	44.50	43.90
Aug	43.15	42.87	43.30	43.00

MAIZE 5,000 bu min; cents/56-lb bushel

	Close	Prev	High	Low
Sept	160.4	156.0	162.0	156.4
Dec	170.6	166.2	172.0	166.6
March	181.0	176.6	182.0	177.2
May	186.4	182.0	187.0	182.0
July	189.4	184.2	189.6	185.6
Sept	188.4	185.0	189.0	186.4
Dec	194.6	191.0	194.6	192.0

PORK BELLIES 38,000 lbs; Cents/lbs

	Close	Prev	High	Low
Aug	83.75	81.35	83.35	79.35
Feb	67.05	65.15	67.10	64.50
March	65.85	64.82	65.90	64.70
May	65.92	64.75	65.92	64.70
July	64.85	64.30	64.85	64.30

SOYABEANS 5,000 bu min; cents/60 lb-bushel

	Close	Prev	High	Low
Aug	540.2	530.2	542.0	533.0
Sept	512.2	508.2	513.0	507.4
Nov	509.2	503.2	511.0	502.2
Jan	516.2	509.6	517.0	508.4
March	521.8	515.4	523.0	517.4
May	527.2	520.2	529.0	520.2
July	527.4	520.4	530.0	523.0
Aug	523.0	517.4	523.0	520.0
Sept	523.0	515.0	523.0	514.4

SOYABEAN MEAL 100 tons; $/ton

	Close	Prev	High	Low
Aug	162.7	164.3	164.2	161.3
Sept	158.8	159.1	159.2	157.5
Oct	155.8	156.8	156.3	154.3
Dec	155.4	154.2	155.5	153.1
Jan	155.2	154.0	155.3	153.0
March	154.2	153.7	154.5	152.5
May	153.2	152.8	153.8	152.7
July	152.7	152.3	153.0	152.8
Aug	153.0	152.5	153.0	153.0

SOYABEAN OIL 60,000 lb; cents/lb

	Close	Prev	High	Low
Aug	15.79	15.99	15.87	15.60
Sept	15.82	15.63	15.96	15.65
Oct	15.95	15.72	16.00	15.80
Dec	16.32	16.02	16.42	16.00
Jan	16.47	16.18	16.55	16.32
March	16.78	16.50	16.90	16.60
May	17.00	16.78	17.10	16.83
July	17.25	17.00	17.30	17.05
Aug	17.22	17.00	17.20	17.25
Sept	17.20	16.96	17.25	17.00

WHEAT 5,000 bu min; cents/60 lb bushel

	Close	Prev	High	Low
Sept	274.0	270.6	274.4	271.0
Dec	289.4	287.2	290.0	—
March	297.0	294.6	297.0	294.6
May	295.0	293.0	295.0	292.4
July	281.0	280.0	281.6	280.0
Sept	284.0	283.0	—	—

FOREIGN EXCHANGES

Dollar weak in quiet trading

THE DOLLAR closed weaker, but trading in Europe was quiet after Tokyo had provided an eventful start to the day.

European central banks had no reason to enter the market, as the dollar drifted down in orderly conditions, although it had been feared the West German Bundesbank would be active after the Bank of Japan bought a small amount of dollars in Tokyo.

Last Friday's June US trade figures, and no sign of a fall in the trade imbalance with Japan, has turned attention away from the dollar's vale against the D-Mark and towards the yen.

It is generally felt that the return of the US Congress from the summer recess next month will result in calls for trade controls against Japanese imports, which may only be countered by a further depreciation of the dollar against the yen.

The dollar fell to Y145 from Y146.96; to DM 1.8405 from DM 1.8440; to FFr 6.1475 from FFr 6.1575; and to SFr 1.5255 from SFr 1.5275.

On Bank of England figures the dollar's index fell to 102.5 from 104.2.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. July average 1.6096. Exchange rate index was unchanged at 72.6, compared with 69.2 six months ago.

Sterling closed unchanged at $1.6165-1.6175, after a quiet day, where attention was focused on the weaker dollar. North Sea oil prices fell, as reports of overproduction by the Organisation of Petroleum Exporting Countries outweighed fears about disruption in supplies from the Gulf.

This had little or no impact on the pound, which stayed on the sidelines, but looked vulnerable ahead of today's UK money supply figures, following forecasts of July bank lending at around £3bn, little better than June's very high figures of £3.9bn.

Nervousness about the figures encouraged a downward drift by the pound against other major currencies. Sterling fell to DM 2.9750 from DM 2.9825; to SFr 2.4675 from SFr 2.47; to FFr 9.94 from FFr 9.9575; and to Y234.50 from Y236.25.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. July average 1.8480. Exchange rate index 146.3 against 148.0 six months ago.

The D-Mark rose against the dollar in Frankfurt, as the US currency maintained a bearish undertone after last Friday's June US trade figures.

Buying of dollars by the Bank of Japan in Tokyo, and rumours of overnight intervention by the US Federal Reserve, led to a nervous start for the dollar in Frankfurt. Caution also resulted from the comment by Mr Gerhard Stoltenberg, West German Finance Minister, that fluctuations in the dollar have not undermined the effectiveness of monetary officials accord in February to promote currency stability.

The Bundesbank did not intervene when the dollar was fixed at DM 1.8459 in Frankfurt, compared with DM 11.8550 on Tuesday. At the Frankfurt close the dollar had fallen to DM 1.8405 from DM 1.8490 previously.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.25. July average 150.25. Exchange rate index 220.9 against 208.9 six months ago.

The yen rose sharply against the dollar in Tokyo, but finished below the day's peak after intervention by the Bank of Japan. The central bank was reported to have bought dollars when the US currency touched a low of Y144.70 in the morning, and may have also intervened in the afternoon.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug. 19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0697	+1.44	+0.79	±1.5344
Danish Krone	7.85212	7.97445	+1.56	+0.91	±1.6404
German D-Mark	2.05853	2.07332	+0.72	+0.07	±1.0981
French Franc	6.90403	6.92868	+0.36	−0.29	±1.3674
Dutch Guilder	2.31943	2.33653	+0.74	+0.09	±1.5012
Irish Punt	0.768411	0.774872	+0.84	+0.19	±1.6684
Italian Lira	1483.58	1500.65	+1.15	+1.08	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Aug. 19	Latest	Previous Close
£ Spot	1.6155-1.6165	1.6145-1.6155
1 month	0.43-0.41 pm	0.43-0.41 pm
3 months	1.25-1.22 pm	1.22-1.20 pm
12 months	3.85-3.75 pm	3.95-3.87 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

POUND SPOT—FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

FINANCIAL FUTURES

Nervous trading in gilts

GILT PRICES recovered some of the early losses in the London International Financial Futures Exchange yesterday but still remained very nervous ahead of today's UK bank lending figures.

Trading volume remained relatively low because there was little incentive to trade until the release of money supply figures. Most dealers were expecting a large increase in bank lending and there were fears that this would give rise to a resurgence in the rate of inflation, a worsening trade position and ultimately, higher interest rates. However not everyone held this view although there was little to suggest that there would be no upward pressure on rates in the months ahead.

Cash rates recorded a slightly firmer tone at the longer end so that unlike gilt prices, three-month sterling deposits failed to recover significantly from early lows.

The September gilt price opened at 115-27 down from 116-03 and touched a low of 115-18 before recovering in the afternoon to 116-07. Sterling's better tone in the afternoon helped sentiment.

Three-month sterling deposits opened at 89.62 for September delivery and touched a high of 89.64 before finishing at 89.61, down from 89.63 on Tuesday.

US Treasury bonds finished slightly down from Tuesday's levels but above opening prices. The September price opened at 90-04 down from 90-02 after the sell off in Chicago. It touched a low of 88-31 but recovered to close at 89-12.

The dollar showed little overall change after its recent sharp fall but investors were probably a little wary ahead of tomorrow's second quarter UC GNP revision. A disappointing figure coming on the trail of last week's increased trade deficit would put further downward pressure on the dollar.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept.	Calls—Last Dec.	Puts—Last Sept.	Puts—Last Dec.
112	4.14	5.22	0.00	1.00
114	2.18	3.60	0.04	1.38
116	0.40	2.36	0.26	2.14
118	0.05	1.54	1.55	3.32
120	0.00	1.10	3.50	4.52
122	0.00	0.49	5.50	6.27
124	0.00	0.25	7.50	8.03
126	0.00	0.15	9.50	9.57

Estimated volume total, Calls 1,456 Puts 2,925
Previous day's open int: Calls 39,472 Puts 22,988

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept.	Calls—Last Dec.	Puts—Last Sept.	Puts—Last Dec.
82	7.24	6.54	0.00	0.28
84	5.24	5.15	0.00	0.53
86	3.24	3.45	0.00	1.19
88	1.28	2.25	0.04	1.63
90	0.13	1.20	0.53	2.56
92	0.00	0.46	2.40	4.20
94	0.00	0.29	4.40	5.61
96	0.00	0.11	6.40	7.49

Estimated volume total, Calls 40 Puts 51
Previous day's open int: Calls 1,923 Puts 1,734

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last Aug.	Calls-Last Sept.	Puts-Last Aug.	Puts-Last Sept.
22750	0.20	2.98	7.40	10.18
23000	0.07	2.30	9.77	12.00
23250	0.02	1.75	12.22	13.95
23500	0.00	1.30	14.70	16.00
23750	0.00	0.96	17.20	18.16
24000	0.00	0.70	19.70	20.40
24250	0.00	0.50	22.20	22.70
24500	0.00	0.35	24.70	25.05

Estimated volume total, Calls 39 Puts 16
Previous day's open int: Calls 439 Puts 333

LIFFE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LIFFE—EURODOLLAR OPTIONS

[illegible]

LONDON

[illegible]

CHICAGO

[illegible]

STANDARD & POORS 500 INDEX

$500 times index

	Latest	High	Low	Prev.
Sept.	329.60	330.45	329.25	330.30
Dec.	332.35	333.20	332.00	332.80
Mar.	335.20	335.90	334.50	335.70
June	337.80	338.50	337.30	338.30

CURRENCY FUTURES

[illegible]

MONEY MARKETS

Slight rise ahead of money supply

INTEREST RATES were slightly firmer at the longer end in London yesterday, reflecting uncertainty ahead of today's money supply figures. There were fears that a significant rise in bank lending would add to recent concern that the economy was overheating.

While three-month interbank money was quoted at 10⅞-10¹⁄₁₆ per cent from 10⅞-10 per cent, the one year rate finished at 10⅞-10⅞ per cent from 10½-10⅜ per cent. Overnight money opened at 10-9¾ per cent and eased to a low of 8¼ per cent before finishing at 10½ per cent.

UK clearing bank base lending rate 10 per cent since August 7

While traders were fairly certain about the slim prospects of an early cut in base rates, the need for another rise was also in doubt, bearing in mind the authorities' apparent determination to prevent a rise in sterling and an undermining of export competitiveness. Consequently the yield structure maintained its defensive and slightly positive curve.

The Bank of England forecast a surplus of around £100m with factors affecting the market including the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £186m and a rise in the note circulation of £120m.

These were more than offset by Exchequer transactions which added £215m and banks' balances brought forward £195m above target. The forecast was revised to a shortage of around £150m but the Bank gave no assistance in the morning.

In the afternoon assistance of £35m was given on a revised shortage of £200m. The Bank bought £35m of eligible bank bills in band 1 at 9⅞ per cent and late assistance came to £125m, making a total of £160m.

In Frankfurt the Bundesbank accepted bids for DM 14.4bn at its latest sale and repurchase agreement yesterday at a fixed rate of 3.6 per cent. Total bids came to DM 45bn and the amount allocated was above most expectations. This more than offset a maturing conviction to suggestions that a fall in the dollar and a contraction in West German money supply growth would allow the authorities to pursue a slightly easier monetary policy.

Call money was quoted at 3.6-3.7 per cent compared with 3.8-3.9 per cent on Tuesday

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

Company Notices

SAINT-GOBAIN

FF 600,000,000
Adjustable Rate Series A Bonds due 1996
Exchangeable for 7⅞% Series B Bonds due 1996

In accordance with the Terms and Conditions of the Series A Bonds, notice is hereby given that for the twelve month period commencing on August 21, 1987, the Series A Bonds will carry an interest rate of 9.63% per annum.

The Fiscal Agent
KREDIETBANK
S.A. LUXEMBOURGEOISE

CCCE
Ecu 200,000,000 Floating Rate Notes due 2006 and 200,000 Warrants to Subscribe up to Ecu 200,000,000 7.50% Guaranteed Bonds due 2006

For the 3 months period August 20, 1987 to November 20, 1987 the Notes will carry an interest rate of 7⅞% per annum with an interest amount of Ecu 188.47 per Ecu 10,000 Note and of Ecu 1,884.72 per Ecu 100,000 Note. The relevant interest payment date will be November 20, 1987.

BANQUE PARIBAS (LUXEMBOURG) SA
Agent Bank

Clubs

LEFKOCHRYSOS LIMITED
(Registration number 86/05057/06)
("Lefkochrysos")

Results of preferential and public offers

Volkskas Merchant Bank Limited is authorised to announce that the results of the preferential and public offers are as follows:

1. Preferential offers
   - 1.1 The preferential offers of:
     - 1.1.1 9 000 000 shares to selected investors and financial institutions; and
     - 1.1.2 3 000 000 shares to staff and business associates of Golden Dumps

   were fully subscribed for.
2. Public offer
   - 2.1 The public offer of 2 000 000 shares was subscribed for 51,69 times. Applications were received from 5 130 applicants for 103 382 400 shares, for a total amount of R1 343 971 200.
   - 2.2 Applications in respect of the public offer will be dealt with as follows:
     - 2.2.1 Applicants who applied for 5 100 shares or less will be subject to a ballot and will receive shares on the following basis:

Number of shares applied for	Number of applicants who will receive 100 shares
100	1 in 52
200	2 in 52
300	3 in 52
*	*
*	*
*	*
4 900	49 in 52
5 000	50 in 52
5 100	51 in 52

     - 2.2.2 Applicants who applied for 5 200 shares or more will receive approximately 1,935% of the shares applied for rounded to the nearest 100 shares.

Allotment advices and refund cheques will be posted on Friday, 21 August 1987.

The allotment and issue is conditional upon a listing of all the issued shares of Lefkochrysos being granted by the Committee of The Johannesburg Stock Exchange.

It is expected that the listing will commence on Tuesday, 1 September 1987 and that share certificates will be posted on that date.

Johannesburg
19 August 1987

JDA
J D Anderson & Co Inc
(Registration number 73/10211/21)
(Member of The Johannesburg Stock Exchange)

SIMPSON McKIE Inc.
(Registration number 84/01736/21)
(Member of The Johannesburg Stock Exchange)

Volkskas Merchant Bank Limited
(Reg. No. 68/00880/06)
Registered Bank
VAB

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY AUGUST 19 1987					TUESDAY AUGUST 18 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	157.95	−0.1	144.82	147.71	2.45	158.03	144.90	147.79	158.03	99.92	75.45
Austria (16)	96.72	+0.0	88.68	92.44	2.23	96.72	88.68	92.63	101.62	85.53	92.09
Belgium (48)	133.25	+0.1	122.17	125.85	3.74	133.18	122.10	126.77	133.44	96.19	88.83
Canada (129)	137.97	−0.2	126.50	132.92	2.18	138.29	126.80	133.34	141.78	100.00	98.03
Denmark (39)	117.75	+0.6	107.96	113.35	2.44	117.09	107.35	113.03	124.10	98.18	95.25
France (121)	107.25	−0.3	98.34	103.43	2.73	107.57	98.63	103.90	121.82	98.39	96.45
West Germany (92)	102.95	−1.5	94.39	98.51	1.92	104.53	95.84	100.21	104.53	84.00	94.90
Hong Kong (45)	139.02	−1.3	127.46	139.34	2.61	140.88	129.17	141.24	142.69	96.89	77.65
Ireland (14)	138.89	−1.0	127.34	134.69	3.31	140.34	128.67	136.28	145.41	99.50	88.59
Italy (76)	85.09	−0.8	78.02	84.74	2.15	85.78	78.65	85.53	112.11	84.74	106.18
Japan (458)	144.83	+0.4	132.79	132.75	0.50	144.33	132.33	133.24	161.28	100.00	104.07
Malaysia (36)	182.61	−1.9	167.43	178.06	2.08	186.10	170.63	181.68	193.64	98.24	84.36
Mexico (14)	300.34	+1.5	275.37	478.61	0.63	295.98	271.38	467.62	309.34	99.72	65.55
Netherland (38)	129.15	+0.2	118.41	122.22	3.61	128.94	118.22	122.44	130.57	99.65	98.54
New Zealand (26)	122.47	+1.6	112.29	108.51	2.71	120.52	110.50	107.99	122.47	83.93	73.17
Norway (24)	166.86	−0.1	152.99	152.37	1.78	166.96	153.08	153.14	170.84	100.00	98.66
Singapore (27)	168.38	−1.8	154.39	163.19	1.52	171.45	157.19	166.27	174.00	99.29	89.27
South Africa (61)	167.77	−1.0	153.82	133.38	3.13	169.44	155.35	134.71	198.09	100.00	80.34
Spain (43)	141.96	−0.9	130.16	134.48	2.94	143.19	131.29	136.09	144.48	100.00	95.35
Sweden (33)	127.50	+1.0	116.90	121.37	1.91	126.18	115.69	120.48	127.50	90.85	96.97
Switzerland (53)	106.39	−1.1	97.55	100.62	1.65	107.62	98.68	101.92	107.62	92.01	90.89
United Kingdom (335)	145.39	−1.2	133.30	133.30	3.31	147.19	134.95	134.95	162.87	99.65	97.40
USA (590)	134.59	+0.1	123.40	134.59	2.72	134.43	123.25	134.43	136.47	100.00	104.25
Europe (932)	122.40	−1.0	112.23	115.12	2.84	123.58	113.31	116.38	128.35	99.78	96.97
Pacific Basin (686)	145.14	+0.3	133.08	133.48	0.66	144.73	132.69	133.99	158.77	100.00	102.06
Euro–Pacific (1618)	136.11	−0.2	124.80	126.17	1.44	136.34	125.00	126.98	143.65	100.00	100.05
North America (719)	134.76	+0.1	123.56	134.52	2.69	134.63	123.44	134.39	136.75	100.00	103.92
Europe Ex. UK (597)	108.15	−0.7	99.16	103.90	2.45	108.95	99.89	104.91	108.95	98.02	96.75
Pacific Ex. Japan (228)	148.93	−0.5	136.55	142.18	2.46	149.65	137.21	143.00	149.65	99.92	76.98
World Ex. US (1822)	136.63	−0.2	125.28	126.74	1.49	136.87	125.49	127.54	143.38	100.00	99.73
World Ex. UK (2077)	134.87	+0.1	123.66	129.49	1.82	134.78	123.58	129.81	134.87	100.00	101.88
World Ex. So. Af. (2351)	135.59	−0.1	124.32	129.77	1.95	135.66	124.38	130.21	135.66	100.00	101.61
World Ex. Japan (1954)	131.49	−0.3	120.56	128.37	2.73	131.86	120.90	128.79	133.08	100.00	100.24
The World Index (2412)	135.79	−0.1	124.50	129.84	1.96	135.88	124.58	130.28	135.88	100.00	101.48

Base values: Dec 31, 1986 = 100

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Aug 87		Nov 87		Feb 88		
GOLD C	$460	115	1.80	440	21	14	32	$456.20
GOLD C	$480	18	0.10	584	13.50	56	22.50	"
GOLD C	$520	—	—	10	5.50	5	11.50	"
GOLD P	$440	—	—	12	6.50	—	—	"
GOLD P	$460	15	4.40B	20	15	—	—	"
		Sep 87		Dec 87		Mch 88		
SILVER C	$700	15	90	—	—	—	—	$771
SILVER P	$800	9	65	—	—	—	—	"
		Aug 87		Sep 87		Oct 87		
$/Fl C	Fl.200	—	—	5	8	4	7.90	Fl.207.63
$/Fl C	Fl.205	2	3	176	4	121	4.80A	"
$/Fl C	Fl.210	255	0.15	167	1.70	201	2.50	"
$/Fl C	Fl.215	—	—	1080	0.50	20	1.20	"
$/Fl P	Fl.200	—	—	—	—	10	1.20	"
$/Fl P	Fl.205	28	0.10	23	1.50	30	2.50	"
$/Fl P	Fl.210	429	2.55	61	4	2	5.50	"
$/Fl P	Fl.215	20	7	44	7.90	—	—	"
$/Fl P	Fl.220	16	12.30	—	—	—	—	"
		Dec 87		Mch 88		Jun 88		
$/Fl C	Fl.200	10	9	—	—	5	10.50	Fl207.63
$/Fl C	Fl.205	92	6.10	5	7	5	7.80B	"
$/Fl C	Fl.210	53	3.60A	5	5	18	6	"
$/Fl C	Fl.215	35	2.20	1	3.50A	4	4.40	"
$/Fl C	Fl.220	21	1.40	—	—	2	3	"
$/Fl P	Fl.200	2	2.10	2	4	—	—	"
$/Fl P	Fl.205	245	4.20	469	6.40	—	—	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.520	355	12.50	25	27	1	35	Fl.502.50
ABN P	Fl.460	601	2.10	212	6.50	5	10	"
AEGON C	Fl.95	125	4.90	—	—	—	—	Fl.98.20
AEGON P	Fl.90	60	1.10	—	—	—	—	"
AHOLD C	Fl.110	30	4.70	11	8.50	—	—	Fl.109.10
AHOLD P	Fl.105	54	3.40	—	—	—	—	"
AHOLD C	Fl.95.50	10	15.20	—	—	—	—	"
AHOLD P	Fl.100	6	2.10	—	—	—	—	
AKZO C	Fl.180	456	3.70	116	7.70	5	10.60B	Fl.169.80
AKZO P	Fl.180	206	12.20	15	14.50	—	—	"
AMEV C	Fl.70	129	2.50B	13	4	200	5.30	Fl.68.10
AMEV P	Fl.65	222	2	5	2.60	—	—	"
AMRO C	Fl.90	505	3.40	163	5.80	39	8.20	Fl.88.50
AMRO P	Fl.80	76	0.90	12	1.50	—	—	"
ELSEVIER C	Fl.65	800	3.50	73	5.70	88	8	Fl.61.50
ELSEVIER P	Fl.60	166	3	17	5	234	6.20	"
GIST-BROC. P	Fl.50	64	1.80B	15	2.80	—	—	Fl.51.40
HEINEKEN C	Fl.190	98	7.20	13	12	10	15	Fl.187
HEINEKEN P	Fl.180	142	4.50	5	6.50	—	—	"
HOOGOVENS C	Fl.55	825	1.70	26	3.40	35	4.30	Fl.47
HOOGOVENS P	Fl.45	674	3.60	24	4.50B	—	—	"
KLM C	Fl.55	1024	2.40	170	4.80	6	5.90	Fl.54.40
KLM P	Fl.55	522	3.20	235	4	—	—	"
NEDLLOYD C	Fl.190	147	7.80	14	11.20	2	17	Fl.172
NAT.NED. C	Fl.85	211	1.70	66	3.50	52	5.20	Fl.80.30
NAT.NED. P	Fl.80	34	3.60	3	4.90	—	—	"
PHILIPS C	Fl.55	203	1.90	159	3.60	22	4.50	Fl.53.40
PHILIPS P	Fl.55	403	2.50	323	4.10	38	5	"
ROYAL DUTCH C	Fl.290	1044	4	162	9.50	2	15.90A	Fl.277.80
ROYAL DUTCH P	Fl.270	1183	5.40	127	8	4	9	"
ROBECO C	Fl.115	35	2.50	—	—	—	—	Fl.112.40
UNILEVER C	Fl.144	686	7.50	200	12	—	—	Fl.145.20
UNILEVER P	Fl.144	734	4.50	323	7	—	—	"

TOTAL VOLUME IN CONTRACTS: 49,024

A=Ask B=Bid C=Call P=Put

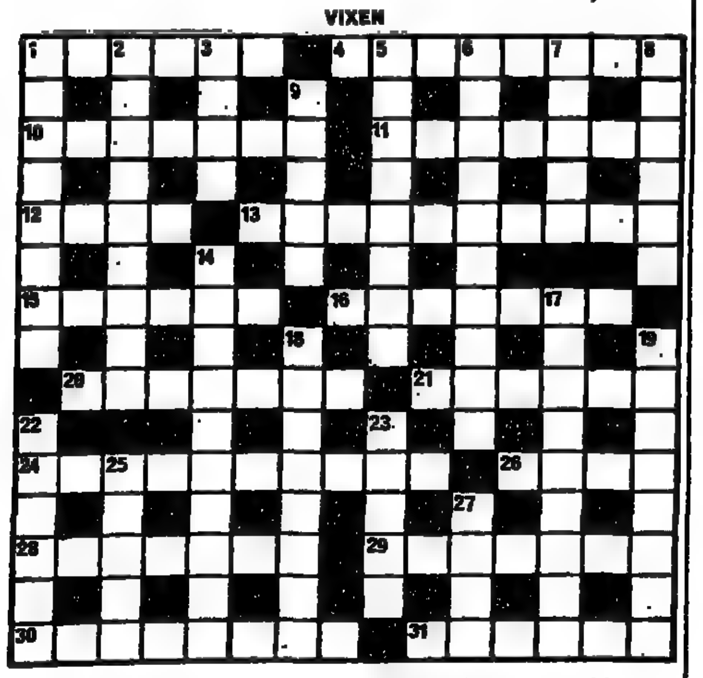
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk	10	Consolidated Cred	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'l Tst C'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williamson Secs	10
Banco de Bilbao	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	10	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	10	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank. Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Beneficial Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	10	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sunrise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 10.5%.

FT CROSSWORD PUZZLE No. 6,409

VIXEN



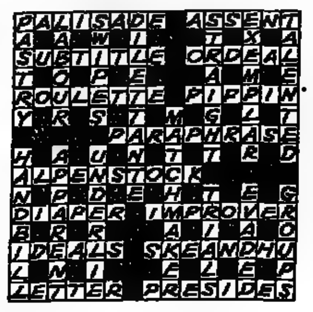
ACROSS

1 A step to view as outdated (6)
4 Delightful puff about meadow-land (8)
10 Found appealing tot going around the mud (7)
11 When a sportsman's surrounded by beasts he'll argue (7)
12 Poet befuddled by drink (4)
13 They are natural healers (10)
15 Shut down before the end of August for the recess (6)
16 Various characters are impressed with his work (7)
20 Pick up some soldiers about done (7)
21 A man making advances, expecting to profit by it (6)
24 He'll get the sack at Christmas! (5,5)
26 A mineral available in almost all Continental cafes (4)
28 Bloomers may appear otherwise, covered up in the Civil Service (7)
29 It's not a new place (7)
30 Irascibility shown by sailors told to go back inside (8)
31 Liberal statesman full of promise (6)

DOWN

1 Application of the law in compensation (8)
2 A code heaps more could work out (9)
3 A country one has entered before (4)
5 The hen that is spotted feeding on greenfly (8)
6 Forms of transport which are not well used (10)
7 Singers are, of course, in a musical to sing (5)
8 Flier making childish complaint (6)
9 A divine queen wanted a glider (5)
14 To ladies, no make-up means despair (10)
17 In the finish the listener is winning (9)
18 Musicians find it's different in bare little rooms (8)
19 Before the court are about a hundred in an enclosed area (8)
22 Cortes arranged for an armed guard (6)
23 Swear nothing has left the road (5)
25 Better way to freeze, right? (5)
27 Very good-looking blonde (4)

Solution to Puzzle No. 6,408



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS — 01-280 2060

American Growth	114.5	121.1	-2.0	0.95
(Accum Units)	120.0	126.9	-2.0	0.95
British Blue Chip Fund	48.9	51.7	-1.8	2.45
(Accum Units)	48.9	51.7	-1.8	2.45
American Sm Cos Fd	53.0	56.0	-1.1	0.44
(Accum Units)	53.0	56.0	-1.1	0.44
American Income	53.1	56.1	-0.9	3.67
(Accum Units)	57.9	61.2	-1.0	3.67
European Growth	156.7	165.8xd	-1.2	2.32
(Accum Units)	163.6	173.1xd	-1.3	2.32
European Income	84.3	89.2	-0.8	3.30
(Accum Units)	88.6	93.7	-0.8	3.30
General	362.8	383.9	-9.9	1.23
(Accum Units)	602.6	637.6	-16.4	1.23
Gilt	87.1	87.5	-0.1	7.38
(Accum Units)	103.6	104.1	-0.1	7.38
Global Fund	51.7	54.7	-0.7	0.67
(Accum Units)	51.7	54.7	-0.7	0.67
High Interest Fund	43.7	46.2xd	+0.1	9.73
(Accum Units)	44.1	46.6xd	+0.1	9.73
High Income Fund	51.8	54.8xd	-1.2	4.78
(Accum Units)	52.7	55.7xd	-1.1	4.78
Income	123.9	131.1	-2.3	3.18
(Accum Units)	142.1	150.3	-2.6	3.18
International	312.3	330.4	-2.4	1.22
(Accum Units)	390.7	413.4	-3.0	1.22
Japan	210.8	223.0	-1.1	0.53
(Accum Units)	216.4	228.9	-1.1	0.53
Pacific Fd	59.5	62.9	-0.8	0.10
(Accum Units)	59.5	62.9	-0.8	0.10
Recovery	305.0	322.7	-8.1	1.27
(Accum Units)	331.6	350.8	-8.8	1.27
UK Smaller Co's Fd	54.1	57.2xd	-0.5	1.72
(Accum Units)	54.6	57.7xd	-0.5	1.72
Exempt	52.2	53.5	-0.8	0.17
(Accum Units)	553.1	567.2xd	---	2.22

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB — 01-925 1277

Merlin Aug 18	640.0	648.0	-2.0	1.07

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. — 0707 45184

UK Income Fund	63.8	67.8	---	4.43
Accum Units	63.8	67.8	---	4.43
UK Growth Fund Acc	62.7	66.7	---	1.50
Global Income Fund	50.5	53.7	---	3.75
Accum Units	50.5	53.7	---	3.75
Global Growth Fund	51.1	54.3	---	0.46

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	122.5	129.9	-3.5	1.18

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. — 01-588 3963

PM Equity Growth	115.9	123.3	-2.5	1.05
PM Income and Growth	102.7	109.3	-1.7	2.89
PM N American Growth	60.6	64.4	-1.1	0.33
PM European Growth	50.5	53.7	-0.5	0.56
PM Japan Growth	73.1	77.7	+0.1	0.35
PM Overseas Growth	58.3	62.0	-0.8	0.43

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL — 01-478 3377
Holborn UnitLine 0800 010345

Holborn Comm Tst	80.7	85.3xd	-1.3	0.36
Holborn Equity Income	71.7	75.8xd	-1.0	3.59
Holborn Equity Tst	573.1	606.4	-15.3	2.25
Holborn European Tst	125.0	132.2	-1.6	.43
Holborn Gilt Tst	206.5	215.4	-0.7	2.21
Holborn High Inc Tst	88.5	93.6	-1.3	4.61
Holborn Intl Grth Tst	124.9	132.1xd	-1.5	.66
Holborn Japanese Tst	138.4	146.4	+0.5	0.04
Holborn N. Amer Tst	99.8	105.6	-1.4	.46
Holborn Sm Cos Tst	78.6	83.1	-1.1	1.40
Holborn Spec Sits Tst	101.6	107.5xd	-2.6	1.36
Holborn UK Growth Tst	113.2	119.7xd	-3.6	1.56

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 — 01-600 4177

Quadrant Gen. Fd	675.2	724.5	---	1.37
Quadrant Income	333.4	352.9	---	3.77
Quadrant Intl. Fund	475.1	502.8	---	0.99
Quadrant Spec. Sits.	474.1	501.7	---	1.31

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent — 0892 510033

British Life	236.1	251.0	---	2.40
Reliance Unit Tst (Inc)	163.8	174.2	---	1.51
Reliance Ut Tst (Acc)	220.5	234.6	---	1.51

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. — 051-227 2030

Internat. Growth Trust	52.6	55.4	-1.3	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 — 01-634 2983/4

NC America (Inc)	337.1	358.4xd	-4.4	0.77
NC America (Acc)	371.9	395.4	-4.9	0.77
NC Inc Fd.	122.4	130.2	-3.2	2.87
NC Japan Fd.	212.4	225.9	-0.9	0.0
NC Major UK Cos Fd.	67.7	72.0	-2.2	1.82
NC Smllr Australasian	93.2	99.10	-0.7	0.30
NC Smllr Canadian CoFd	51.2	54.4	-2.2	0.99
NC Smaller Cos	243.6	259.1	-3.9	.88
NC Smaller European	201.1	213.9	-0.9	.33
NC Prop.*	157.2	172.6	---	0.2

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	493.1	476.9	.....	—
Property	282.2	297.1	.....	—
Equity	571.0	601.0	.....	—
Gilt Edged	352.1	370.6	.....	—
Deposit	205.3	216.1	.....	—
Investment	242.5	254.7	.....	—
International	451.9	475.7	.....	—
Pension Fund Prices				
Managed Init.		317.2	.....	—
Do. Accum.		389.6	.....	—
Property Init.		245.9	.....	—
Do. Accum.		301.9	.....	—
Equity Init.		429.9	.....	—
Do. Accum.		527.3	.....	—
Gilt-Edged Init.		225.7	.....	—
Do. Accum.		277.3	.....	—
Guaranteed Init.		158.5	.....	—
Do. Accum		194.7	.....	—
International Init.		538.5	.....	—
Do. Accum.		660.8	.....	—
Index Lk. Gilt Init.		135.0	.....	—
Do. Accum.		165.7	.....	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	314.6	+0.1	—
Property Pens.	419.2	+0.3	—
Equity	195.1	-1.8	—
Equity Pens.	876.8	-10.9	—
Money Market	299.0	-0.8	—
Money Mkt. Pens.	537.5	-1.6	—
Deposit	237.9	+0.0	—
Deposit Pens.	379.6	+0.1	—
Managed	295.5	-1.8	—
Managed Pens.	567.6	-4.6	—
Intl. Equity	361.1	-3.0	—
Do. Pens.	586.9	-7.1	—
Intl. Managed	326.9	-2.4	—
Do. Pens.	485.9	-5.3	—
North American	139.0	-3.2	—
Do. Pens.	161.0	-5.3	—
Far East	308.9	-2.3	—
Do. Pens.	448.6	-3.3	—
Intnl. Currency	170.3	+0.0	—
Do. Pens.	220.3	+0.1	—
Index Linked	129.1	-0.2	—

National Provident Inst.—Contd.

Far East Initial	498.1	524.4	-0.7	—
Far East	596.6	628.1	-0.8	—
Prop. Initial	141.1	147.5	-1.0	—
Prop.	167.9	176.6	-1.2	—
Fixed Int. Initial	181.7	191.3	-0.4	—
Fixed Int.	217.9	229.4	-0.5	—
Indexed Gilt Initial	100.5	105.8	-0.8	—
Indexed Gilt	119.3	125.6	-1.0	—
Deposit Initial	135.0	142.2	.....	—
Deposit	163.6	172.3	.....	—
NPI Pensions Management Ltd				
Managed Fund	987.6	1005.2	.....	—

Prices August 3. Next dealing September 1.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 3JS 0603 683985

NUAM Funds				
Managed Fund	57.0	60.1	-0.8	—
Stock Market Mngd Fund	58.9	62.1	-0.9	—
Equity Fund	62.6	65.9	-1.3	—
International Fund	56.9	59.9	-0.6	—
Eurogrow Fund	59.5	62.7	.....	—
North American Fund	52.5	55.3	+0.4	—
Pacific Fund	65.1	68.6	.....	—
Property Fund	52.0	54.8	.....	—
Fixed Interest Funds	48.2	50.8	-0.3	—
Index Linked Sec Fund	44.7	47.1	-0.3	—
Deposit Fund	51.0	53.7	.....	—
NUAM Retirement Plans				
Mixed Fund	61.4	64.7	-0.8	—
UK Ordinary Share	72.3	76.2	-1.1	—
International Fund	58.9	62.1	-1	—
Property Fund	52.0	54.8	.....	—
Fixed Interest Fund	49.9	52.6	-0.2	—
Index Linked Sec Fund	45.2	47.6	-0.1	—
Deposit Fund	53.1	55.9	.....	—
NUAM (NF)				
Managed Fund	782.5	823.7	-11.4	—
Equity Fund	1664.0	1752.5	-38.5	—
Property Fund	323.6	340.7	.....	—
Fixed Interest Fund	355.3	374.0	-1.9	—
Deposit Fund	208.3	219.2	.....	—
International Fund	147.5	155.3	-1.7	—
Index Linked Sec Fund	44.8	47.2	-0.3	—

Norwich Union Life Insurance Soc.

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

Eurolife Assurance Group

Euromobiliare Fd Mngt (Guernsey) Ltd

S.G. Europe Obligations SA

Europe Prestige Fund SA

European Life (Channel Islands) Ltd.

FFM Futures Fund Ltd

Far East Growth Fund

Fidelity International

First Convertible Securities Fund

Fleming Group (London Agents Robert Fleming & Co)

Forbes Securities Management Ltd

Foreign & Colonial Management Ltd

Formosa Fund

Framlington Overseas Fund Mngt. Ltd

Frankfurt Trust Investment—GmbH

Frobisher Fund Ltd

GT Management (UK) Ltd

Gartmore Fund Managers Ltd. Agents

Assicurazioni GENERALI SpA

Geninvest SA

Global Asset Management Corp.

John Govett Mngmnt (Guernsey) Ltd

Grenville Management Limited

Grindlays Capital-care Intl Mgt Co Ltd

Gartmore Invest Managers (Guernsey) Ltd

Group One Limited

Guinness Flight Fund Mgrs (Guernsey) Ltd

Hambros Bank Ltd

Hambro Pacific Fund Mgmt Ltd

Hambros Fd Mgrs (CI) Ltd

Wealth 2000 Limited

Hellerup Scandinavian Fund Ltd

Henderson Admin. (Overseas)

Henderson Management SA

Henderson Global Strategy Mngmt SA

Samuel Montagu & Co. (Guernsey) Ltd

Hill Samuel Investment Services Intl SA

IBJ Global Funds Limited

I.C. Trust Managers Ltd

The India Fund

Indosuez Asia Invest Services Ltd

INV Interbeheer

International Bond Trust

International Cash Portfolios

International Liquidity Fund

Investissements Atlantiques SA

Invicta Investment Management

Henry U. Stem (Guernsey) Ltd

Jardine Fleming & Co Ltd

Leopold Joseph & Sons (Guernsey)

Kleinwort Benson Group

Kleinwort Benson (Guernsey) Fd Mngrs Ltd

Kleinwort Benson Islamic Fd Mgmt Ltd

Korea Growth Trust

Korea International Trust

Lazard Offshore Funds

Le Fonds International Canages

Liberty ALL-STARR World Equity Portfolio

Lloyds Bank (CI) U/T Mgrs.

Lloyds Bank Geneva Switzerland

Lloyds Intl. Money Market Fund Ltd

London Interstate Fund Managers Ltd

MFM Ltd.

M & G (Cayman) Ltd

M & G Island Fund

McDonnell & Co (Bermuda) Ltd

Man International Futures

Manulife International Ltd

Manufacturers Hanover Geofunds

Mediterranean Fund (SICAV)

Midland Bank Tst. Corp. (Jersey) Ltd

MIM Britannia International Limited

Minerals, Oils Res. Shs. Fd. Inc.

Multi-Currency Bond Portfolio

Murray, Johnstone (Inv. Adviser)

NCL Britannia Int Am Ltd

NM Income & Gwth Fd

NM Schroder Fin Mgmt Intl Ltd

National Mutual Insurance Co (Bermuda) Ltd

Nat. Westminster Jersey Fd. Mgrs. Ltd

County Natwest Currency Fund (x)

Newport International Management

The New Zealand Fund

Nikko Intl. Cap. Mngt. Co (Europe) Ltd

Nikko Luxembourg S.A.

Nomura Growth Fund SA

Nomura Professional Fd Pt II

Nomura Prudential Global Portfolio

Northgate Unit Tst. Mngr. (Jersey) Ltd

North Star Group of Companies

Norway Fund Management A/S

Oppenheimer Securities Ltd

Orbitex Bahamas Ltd

PFC Internatl Portfolio Fd Mngt Ltd

Pacific Basin Fund

Pacific Growth Fund

Parlbas Bond Fund SA

Perpetual UT Mngrs (Jersey) Ltd

Precious Life International Ltd

Prestige Management SA

Protected Performance Fund

Providence Capital International Ltd

Prudential Intl Financial Services Ltd

Pulsar International Advisors Ltd

Quantum Fd NV Curacao

Queensway Fund

Quilter Goodison Commodities

Regina International Management Ltd

Rothschild Asset Management (CI)

Rothschild Australia Asset Mngt Ltd

Royal Bank of Canada Funds

Royal Life Intl. Ltd

Royal Trust Fund Mngt (CI) Ltd

Royal Trust North American Bond Fd

SCITECH SA

Sabre Futures Fund Ltd

Save & Prosper International

Schroder Unit Trust Managers International

Schroder Mgmt Services (Jersey) Ltd

Schroders Asia Limited

Schroder Worldwide Selection Fund Limited

Scimgeour Kemp-Gee Mngmt, Jersey

Scout International Trust

Shearson International Fund—SICAV

Singer & Friedlander Ldn. Agents

Smith New Court Fd Mngrs (Jersey) Ltd

Societe Generale Merchant Bank plc

Standard Bank Fund Managers

Standard Chartered Off. Money Mkt Fund

Sterling Offshore Fund Admin. Ltd.

Strategic Metals Corp plc

Stronghold Investment Mngrs Ltd

Sun Alliance International Life

TSB Trust Funds (CI)

Taiwan (ROC) Fund

Target International

The Thailand Fund

Thornton Management Ltd

Tokyo Pacific Holdings NV

Tokyo Pacific Hldgs. (Seaboard) NV

Top Brand Fund Management

Touchstone Fund Trust

Tyndall International (Bermuda) Ltd

Tyndall International (Guernsey) Ltd

Tyndall International (Isle of Man) Ltd

Tyndall International (Jersey) Ltd

3i Group

J. G. Tyrrell & Co. Ltd

USA Income Portfolio

US Federal Securities Fund SA

US Pacific Stock Fund

U.S. Treasury Securities Fund Ltd

Unico Invest Fd Mgt Co SA Lux

Union-Investment-Gesellschaft GmbH

Vickers da Costa Intl

Viking Fund—SICAV

Warburg Investment Management Jersey Ltd

Warburg Inv Mngmt (Isle of Man) Ltd

Wardley Fund Managers (Jersey) Ltd

Wardley Investment Services Ltd

Westlease Secs (Guernsey) Ltd

World Bond Fund

World Capital Growth Fund

World Fund S.A.

World Wide Growth Management

Yamaichi Capital Mngt (Guernsey) Ltd

Yamaichi Dynamic Mngt Co SA

Zero Bond Fund Limited

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

هكذا من الأصل

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30	22⅞	Sara Lee $1	27⅞xd	–⅛	$1.00	—	2.2
11⅛	8⅞	Saul (B. F.) $1	11¾xd	+⅛	20c	—	1.1
26¼	19⅞	Southwestern Bell $1	25⅝	–½	h$2.32	—	5.6
19	14¼	Staley Continental	18¼	–⅛	80c	—	2.6
44	36⅛	Sun Co. Inc. $1	37	–1	$3.00	—	4.8
42¼	28½	TRW Inc. $0.625	39½xd	–1	h$1.60	—	—
34⅞	25⅞	Tenneco $5	32⅝xd	–⅝	$3.04	—	5.7
202½	149½	Do 10pcLn.Stk. 91-5	202½xd	..	10%	—	5.0
29⅝	17	Texaco $6.25	26⅝xd	–⅝	$3.00	—	7.0
74	47⅛	Time Inc. $1	69	–1½	$1.00	—	0.9
14½	11	Tracor $0.33	14½	+⅛	40c	—	1.7
30⅛	18⅞	Transamerica $1	29⅛	–⅜	$1.76	—	3.7
14⅛	922p	Transworld Corp $5	13⅛	–⅜	20c	—	0.9
49⅛	29⅛	TRINOVA Corp.	47xd	–1¼	h$1.00	—	1.3
24	15	♥USX $1	23	–⅛	$1.20	—	3.2
19⅛	15	Union Carbide $1	17	–⅛	$1.50	—	5.3
37⅛	26⅛	Utd. Technologies	35xd	–1⅛	$1.40	—	2.4
38⅛	27	US West	35⅛	–⅛	$3.28	—	5.7
30⅛	17⅛	Waste Management $1	28⅛	–⅜	—	—	—
£31⅛	£20½	Whirpool $1.0	£23⅛	–⅛	—	—	—
37⅛	26	♥Woolworth $3½	35⅛	–1⅛	$1.32	—	2.3

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	373p	ABM Gold Corp ‖	590p	+17	—	—	—
21⅛	10p	♥Abbot Energy Corp.	21p	–½	—	—	—
15⅛	506p	♥Amer. Barrick Res.	13⅝xd	–⅛	—	—	—
122p	53p	♥Armeno	88p	–8	—	—	—
19⅛	14⅝	Bk. Montreal ‖	15⅝	–⅛	$2.00	—	9.9
10½	745p	Bk. Nova Scotia ‖	850p	–18	72c	—	3.9
20⅝	18	BCE ‖	19⅝	–⅛	$2.40	—	5.6
10⅛	712p	♥Bow Valley ‖	881p	–24	40c	—	—
20	12⅝	♥Brascan ‖	19	–½	88c	—	2.1

[illegible]

BANKS, HP & LEASING

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
412	305	PWS Holdings 10p	383	–1	†g9.25	2.9	3.3	14.3
430	316	Pearl Group 5p	369	–5	10.5	—	3.9	—
*£11¼	804	Prudential	988	–12	29.0	—	4.0	—
580	433	Refuge 5p	530	+2	15.75	—	4.1	—
589	423	Royal	485	–2	††15.5	—	4.5	—
103	97	Saldre Ins. Invs.	100	.....	—	—	—	—
*345	274	Sedgwick Group 10p	318	–4	12.0	1.7	5.3	13.2
339	207	Steel Burrill J.10p	289	.....	9.0	2.0	4.3	16.1
668	403	Stewart Wr. 20p	569	–9	ф13.0	2.0	3.1	20.2
612	377	Sturge Hldgs 20p	533	–1	†h6.0	2.5	1.5	34.9
£11	645	Sun Alliance	952	–21	23.5	—	3.4	—
£12½	929	Sun Life 5p	£11¼	–¼	28.5	—	3.3	—
£69¾	£39	♥Taisho M EDR	£51¼	+1⅞	g010%	—	0.8	—
£22¼	£14⅛	Torchmark $1.00	£20¼	–⅜	Q60c	—	1.9	—
380	235	Trade Indemnity	375	+5	4.3	—	1.6	—
£34	£24⅞	Travelers $1.25	£29½	–¼	$2.28	—	4.7	—
£30¼	£22⅛	USF & G Corp $2.50	£25¼	–¼	Q$2.48	—	5.9	—
£32½	£20⅞	USLIFE Corp. $1.0	£26¼	+⅛	Q$1.20	3.2	2.8	5.9
728	555	♦Utd Friendly B 10p	718	.....	21.0	—	4.0	—
464	367½	Willis Faber 12½p	378	–6	10.75	2.4	3.9	14.4
106	41	Windsor Secs. 10p	106	.....	†0.7	1.5	0.9	97.9

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35½	17½	♦A & M Group 10p	23½	+½	—	—	—	ф
242	189	Airtours 10p	280	+1	R5.4	2.5	3.8	14.6
*549	302	Anglia TV	478	+2	†g11.25	3.3	3.2	13.3
184	108	♦Aspinall Hldgs. 10p	159	.....	6.0	1.2	5.2	21.8
141	63	♦Avesco 1p	113	–2	0.5	6.7	0.6	31.9
65	40	♦BCE Hldgs 5p	52xd	–1	Ld1.0	ф	2.6	ф
255	132	Barr & W.A.T. 'A'	227	+2	8.0	1.4	4.8	18.5
58	19	Bond Media	47	–2	—	—	—	—
235	165	Boosey & Hawkes	230	.....	—	—	—	—
83	45	♦Border T.V.	57	–2	1.4	ф	3.4	ф
*439	43½	Brent Walker 10p	336	–12	ф8.5	2.2	4.1	16.2
*292	110	Campari Int. 20p	247	–1	3.0	5.1	1.7	12.6

MOTORS

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

TRADITIONAL OPTIONS

3-month call rates

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Aug 10	Aug 20	Aug 21	Sept 1
Aug 24	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5

* New time dealings may take place from 9.00 am two business days earlier.

Another hefty setback for share markets but Gilt-edged stocks hold steady

The UK equity market suffered another severe fall yesterday but the three-day rout was checked at mid-session when a leading London marketmaker bought heavily into options in the FT-SE 100 Index, and also turned bullish of the stockmarket when it reached the day's lowest point. Nervousness ahead of today's UK money supply statistics continued to unsettle the London market, although Government bond prices made little move over the session.

The FT-SE 100 Index ended a net 27.2 down at 2197.6 after showing a near-50 point fall at noon. The rally which was helped by a calm opening on Wall Street, was welcomed by market chartists. Amanda Sells at Chase Manhattan Securities commented that FT-SE 2195 was "a significant support level"—adding that a fall beyond that figure would make the market vulnerable, perhaps down to 2160 or even 2050. The FT Ordinary Index lost 19.8 to 1712.4 yesterday.

The stock market opened sharply down against the background of Wall Street's setback overnight, and soon plunged through the 2195 level. Once again, selling was not heavy but what sellers there were found themselves alone in the marketplace.

The afternoon rally, though significant, was treated with caution. Yesterday—at 3.30 pm—was expiry date for August share options, and traders were closing bear positions. Option trading volume was very heavy, and Phillips & Drew, the London security house, was identified as an active buyer of the option.

However, the market's eyes remained fixed on 11.30 am today when the latest statistics on UK money supply and bank lending are due.

Shares in **Hill Samuel** reopened for trading to fall heavily after the announcement that Union Bank of Switzerland (UBS) sees no basis for an offer. In a weak Merchant bank sector, **Guinness Peat** eased, awaiting further news from Equiticorp, the New Zealand group which has foreshadowed a bid for the London banking and securities house.

But buyers came in for **Midland Bank**, a recent bid feature, and shares in **Standard Chartered** moved up as Tuesday's news was absorbed.

Substantial placings of shares in **British Petroleum** and **British Gas** indicated activity at the market's lower levels. Industrial stocks benefited from the afternoon rally, with the exception of **Glaxo**, unsettled by news of further rivals for Zantac, the wonder heart drug.

Against this active backcloth in equities, Government bonds had a sluggish session, and closed with very small losses. Traders concentrated in keeping their books square ahead of the money supply figures, and the major institutions were equally cautious in their market operations.

W. H. Smith bucked the generally easier trend among Retailers, the A shares closing 7 up at 383p following the announcement of preliminary profits above most market estimates.

Analysts subsequently adopted an encouraging view of Smith's prospects; Wood Mackenzie, reiterating that the shares remain one of their "long-term favourites in the sector," anticipate pre-tax profits of some £75m for the current year. BZW were also bullish and advised clients to "buy" on the strength of the group's balance sheet and the prospect of increased sales and margins expansion.

The merchant banks, the market's best performing sector in recent weeks, was given a numbing shock at the outset when a joint statement from Union Bank of Switzerland and Hill Samuel revealed that merger talks had been terminated by mutual agreement after five weeks' duration. Hill Samuel shares, suspended on Tuesday around the 763p level were requoted at 658p and promptly fell to 652p before ending the day a net 109 lower at 654p. Other merchant banks, whose share prices have been chased higher as the Hill Samuel/Union Bank of Switzerland talks have taken place, saw their share prices slashed at the outset before a modest rally later in the day. **Kleinwort Benson**, widely tipped as the next takeover target, slumped to 570p before ending the day a net 43 off at 572p while **Hambros**, a strong market over the past week, ended the session 6 easier at 353p after. **Morgan Grenfell** dropped to 545p but picked up to close 00 cheaper at 00 while **S. G. Warburg** rallied from an initial 450p to end the day only 5 lower at 572p. The clearing banks were hit by falling markets in London and New York but Midland and Standard Chartered, regarded as the weakest banks in the sector, outperformed the rest of the sector. **Standard** dropped to 759p early on but later raced up to close 18 up at 791p while **Midland** added 14 at 459p. **NatWest**, on the other hand, regarded as the best of the clearer, fell away to close a net 19 down at 706p. **TSB** continued to reflect widespread selling by private investors ahead of the September 8 second and final call of 50p a share, and eased 2 to 79½p.

Breweries continued to give ground following another thin and sensitive trade. **Allied-Lyons**, down to 393p at one stage, rallied to 409p—still down 5 on balance—following news of a settlement at it strike-bound Burton brewery. **Bass**, which on Tuesday revealed proposals to extend its package holiday activities via the purchase of OSL, Wings and Blue Sky from Rank, shed a few pence to 915p, while **Whitbread A** remained out of favour and dipped another 5 to 325p.

Building issues gave further ground after another nervous trading session. **EBC**, up 22 in the previous trading session on the bumper interim figures, reacted to close 15 down at 302p as investors' enthusiasm was tempered by the chairman's note of caution on second-half trading. **Henderson Group**, in contrast, met with a revival of speculative buying, which included traditional call option demand, and closed 28 to the good at 292p.

Although well above earlier lower levels, leading Stores still retained some sizeable losses. **Storehouse**, down to 374p at one stage, rallied to finish only 7 lower on balance at 377p following a relatively modest turnover of 3.4m shares. Others to recover included **Burton**, finally 8 off at 278p, and **Dixons**, 6 cheaper at 326p. **Marks and Spencer**, the subject of considerable traded option business, settled a net penny to the good at 231p. **Freemans**, 7 down at 236p were marked lower in reaction to a market research report that suggested that mail order companies would struggle to maintain market share over the next five years. **Owen and Robinson** finished 53 up at 963p following the return to profits and proposed £1.775m rights issue, the proceeds of which will finance the planned expansion of the group's retail operations.

Plessey slipped back to 179p, before closing 7 down at 181p ahead of today's first quarter results; Greenwell Montagu are forecasting pre-tax profits of £40m for the period against £43m. Elsewhere, **GEC** rallied from 202p to end the day a shade up at 209p after a turnover of 12m. **BICC** continued to lose ground ahead of the September 9 interims and lost 4 more to 363p.

FKI fell 8 to 156p as shareholders voted in favour of the bid for Babcock and the proposed rights issue; the latter, however, firmed a few pence to 297p. Further consideration of the interim figures prompted a reaction of 23 to 588p in **Thomas Robinson**, but **Desoutter** rose 10 to 315p in response to newsletter comment.

Food Retailers, a reasonably resilient sector of late, encountered persistent offerings and finished close to the session's lower levels. The tone was set by **Argyll Group** which slumped 17 to 416p amid widespread chatter of bearish reports emanating from a broker's lunch. **J. Sainsbury**, 263p, and **ASDA-MFI**, 186p, shed 5 apiece.

Wellcome fell afresh to 421p before closing 3 down at 432p for a two-day loss of 19 as some city analysts tempered their long-term bullish outlooks for the company's Aids drug Retrovir following the US Food and Drug Administration's first approval of tests on humans with an Aids vaccine.

Micro GeneSys Inc. is carrying out the tests, but even if these prove positive, it is thought that it could be well into the 1990's before the vaccine becomes widely available.

Apart from the general malaise, **Glaxo** were further unsettled by vague talk of competition for one of its antibiotic drugs and closed ⅛ lower at £17⅞. **Beecham**, however, held up reasonably well at 534p, after the previous day's setback.

Cannon Street Investments fell 18 to 363p following acquisition news and the proposed rights issue to raise approximately £34.15m, while **Talbex** eased 4 to 38p on the announcement of a major expansion plan to be financed by a rights issue of £10.37m. **Blue Arrow** eased 6 to 167p in the wake of the company's statement that current discussions with Manpower may result in an agreed merger and a amendment in the tender offer.

Several recently-popular stocks in the Motor sector suffered a relapse. **Rover** fell 9 to 89p and **ERF** 7 to 231p, while **Appleyard** came back 13 to 487p. **Jaguar** steadied after Monday's weakness on the interim profits, closing a shade harder at 564p.

A report that **Reed International** was also interested in Dutch publishing house Elsevier surprised many traders. Reed confirmed that it had held discussions with the group before the recent friendly talks with Mr Robert Maxwell, on behalf of BPCC. More with the general market trend than on any other factor, Reed fell 14 to close at 495p while BPCC were only a few pence easier at 338p. Agreement on new improved proposals with Mr Michael Kent, whereby his interets could account for nearly 58 per cent of the equity, supported **Oliver Paper Mill**, at 165p.

Saatchi & Saatchi failed to benefit from highly favourable comment relating to recent "buy" recommendations from both domestic and US security houses. As American investors lost interest, Saatchi dropped 10 to 637p and other Advertising Agencies followed. Vastly improved first-half results and a forecast that the trend would continue made no impact on **Hobsons Publishing**, which slipped 10 to 465p.

The Property leaders encountered a strong two-way pull, reacting badly in the morning and then staging a strong recovery. The outcome was that **MEPC** closed unaltered at 490p, after 478p, and **Land Securities** only 4 off on balance at 510p, after 500p.

Persistent small selling eventually took a toll on **P & O**, finally down 21 at 659p, while **Common Bros** reacted 6 to 61p as some disappointed buyers reduced their holdings.

Textiles were described by a leading marketmaker "as firm relative to the market." **Courtaulds** improved to 463p and **Robert H. Lowe** managed a rise of 7 to 223p.

BAT Industries, however, were blown off course despite being regarded a good long-term buy and closed 19½ lower at 630½p.

Crude oil prices extended their recent fall—Brent for September delivery lost a further 10 cents to $18.65. Consequently oil and gas shares remained on brokers' sell lists with the leaders particularly sensitive. **British Gas** dropped sharply and closed 6 down at 173p as a single parcel of 7.5m shares were placed at 166½p. Overall turnover in Gas was 22m shares.

Mining markets were again boosted by rumours that the strike in South Africa's coal and gold mines was about to be settled. The rumours were given credence by a sharp rise in the financial Rand, which jumped a cent at one point to touch 29¾ cents before slipping back to end the day at 29 cents. Gold shares were driven forward by the Rand but came off their best levels at the close of trading. Sentiment was also boosted by the latest decline in the dollar. Buying of Golds again came mainly from Paris, Brussels and Switzerland. The Gold Mines index rallied 14.3 more to 422.9.

Consolidated Gold Fields fell ⅜ to £13⅝ after the chairman expressed his full support for the management of US group Newmont Mining, where Gold Fields has a 26.2 per cent stake

The expiry of the popular August series provided a noteworthy boost to traded option turnover. Total contracts transacted amounted to 60,335—the highest for some two weeks and well above the rather subdued levels which prevailed earlier this week. Much of the session's activity was taken up by the ever-active FT-SE 100 contract which recorded 5,702 calls and 6,098 puts, 1,362 of the latter being done in the August 2,200 series. Elsewhere, **Marks and Spencer** calls were again in demand and attracted 3,932 trades, the October 240's and 280's contributing 2,130 and 1,160 calls respectively. **Hanson Trust** calls were also lively—the third-quarter results are scheduled for next Tuesday—and attracted 3,917 trades, 1,124 of which were done in the December 200's. Operators also displayed enthusiasm for positions in **British Telecom**, **British Gas** and **Sears**.

Traditional Options

- First dealings Aug 17
- Last dealings Aug 28
- Last declaration Nov 19
- For Settlement Nov 30

For rate indications see end of London Share Service

Stocks dealt in for the call included **Broad Street, STC, NEI, London Investment Trust, Clyde Petroleum, Trent Holdings, Tarmac, Belhaven, T. Borthwick, British Land, Godfrey Davis, FKI, Bridon, Helical Bar, United Scientific, Joseph Webb, Bula Resources, Guinness Peat, Abaco, Amstrad, LDH Group, Phicom, Dee Corporation, Newage Transmissions, Rotaprint, Associated British Engineering, British Airways, Top Value, Harris Queensway, Unilever, Storehouse, Pentland Industries, Astra Industrial, Martin Ford, Greenwich Resources, Sound Diffusion, Property Trust, Henderson Group** and **Control Securities**. Puts were arranged in **Broad Street, Glaxo, Rotaprint, Control Securities** and **Blacks Leisure**, but no double options were reported.

FINANCIAL TIMES STOCK INDICES

	Aug. 19	Aug. 18	Aug. 17	Aug. 14	Aug. 13	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	86.18	86.36	86.67	87.03	86.48	89.93	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.71	93.45	94.07	94.31	94.32	95.83	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,712.4	1732.2	1764.0	1785.3	1778.6	1,268.4	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	422.9	408.6	401.6	416.2	438.3	222.5	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.37	3.33	3.27	3.24	3.24	4.37				
Earnings Yld.%(full)	8.37	8.27	8.13	8.05	8.03	10.56				
P/E Ratio (net) (*)	14.63	14.80	15.06	15.22	15.28	11.55				
SEAQ Bargains (5 pm)	31,858	31,528	34,559	38,119	35,152	—				
Equity Turnover (£m)	—	1,525.91	1,174.05	1,117.72	1,721.10	679.27				
Equity Bargains	—	37,916	41,636	39,663	46,141	19,934				
Shares Traded (ml)	—	426.9	449.0	463.7	459.9	481.8				

S.E. ACTIVITY

Indices	Aug. 18	Aug. 17
Gilt Edged Bargains	107.9	106.5
Equity Bargains	245.7	269.8
Equity Value	3,084.3	2373.1
5-Day Average		
Gilt Edged Bargains	112.7	117.3
Equity Bargains	289.6	310.6
Equity Value	3,083.4	3153.8

♥ Opening 1714.7 | 10 a.m. 1719.1 | 11 a.m. 1711.5 | Noon 1693.3 | 1 p.m. 1699.1 | 2 p.m. 1698.5 | 3 p.m. 1704.4 | 4 p.m. 1705.3

Day's High 1719.8 Day's Low 1692.6. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=14.40

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (54)

AMERICANS (2), CANADIANS (1), BANKS (2), BREWERS (1), BUILDINGS (3), CHEMICALS (1), STORES (3), ELECTRICALS (2), ENGINEERING (2), INDUSTRIALS (9), INSURANCE (1), LEISURE (2), PAPERS (2), PROPERTY (1), TEXTILES (2), TRUSTS (10), OILS (2), MINES (8).

NEW LOWS (22)

BRITISH FUNDS (9) Treas. 3pc 1992, Treas. 2½pc IL 2003, Treas. 2pc IL 2006, Treas. 2½pc IL 2009, Treas. 2½pc IL 2011, Treas. 2½pc IL 2013, Treas. 2½pc IL 2016 (£60 pd.), Treas. 2½pc IL 2020, Treas. 2½pc IL 2024. LOANS (4) Nationwide 11¼pc 26.10.87, Nationwide 8⅞pc 23.5.88, Nationwide 3⅞pc IL Ln. 2021, Inv. in Ind. 11¼pc 1990. AMERICANS (1) Allegheny and W. BANKS (1) MCorp. BREWERS (1) Boddingtons. INSURANCE (1) Bryant (Derek). TRUSTS (2) River and Merc. Stepped Pref., Biotechnology Invs. THIRD MARKET (2) Andaman Res., Chelsea Artisans.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	5,200	186	−5
Allied Lyons	16,000	409	−5
Amstrad	970	153	−2
Ladbroke	1,500	434	−2
Land Securities	2,800	510	−4

RISES AND FALLS YESTERDAY

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

FIXED INTEREST

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*405)	390	33	43	57	12	18	20
	420	16	30	40	28	32	37
	460	7	15	25	55	60	65
Brit. & Comm. (*499)	500	27	42	57	28	35	37
	550	10	22	35	63	65	67
	600	3	10	20	112	113	113

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Guinness (*341)	330	13	30	38	1	13	20
	360	1	15	23	22	33	37
	390	0¼	8	15	52	55	57
Ladbroke (*429)	403	28	42	—	0¼	13	—
	420	—	—	43	—	—	25
	443	1½	20	—	17	33	—

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

NAME CHANGE: Wingate Property (69) has become Chase Properties

WORLD STOCK MARKETS

AUSTRIA

Aug. 19	Price Sch%	+ or −
Creditanstalt	2100.00	......
Goesser	3090.00	−30
Interunfall	12300	......
Jungbunzlauer	8840	+20
Laenderbank	1975.00	−10
Perlmooser	715.00	+5
Steyr-Daimler	125.00	−2
Veitscher Mag	840.00	−8

BELGIUM/LUXEMBOURG

Aug. 19	Price Frs.	+ or −
B.B.L.	3460	−5
Banque Gen. Du L.	14850	......
Bank Int. A	14300	......
Bekaert B	12350	−125
Ciment CBR	6440	−140
Cockerill	176	−4
Delhaize	4450	−200
EBES	5280	−80
Fabrique Nat	3500	−25
GB Inno BM	1362	−28
GBL (Brux) L	4340	−15
Generale Bank	6500	−50
Gevaert	8710	−180
Hoboken	8480	−70
Intercom	4170	−35
Kredietbank	4900	......
Pan Holdings	19500	......
Petrofina	13800	+125
Raffinerie Tirle	1770	−50
Royale Belge	6250	−50
Soc Gen Belge	3995	−25
Sofina	16350	......
Solvay	14300	−650
Stanwick Intl.	550	......
Tractebel	8420	−130
UCB	11550	......
Wagons Lits	5990	−10

DENMARK

Aug. 19	Price Kr %	+ or −
Baltica Skand	1100.00	+50
Cop Handelsbank	265.00	+3
D. Sukkerfab	311.00	+1
Den Danske Bank	356	+5
East Asiatic	201.00	+8
Forenede Brygg	910	−40
GNT Holding	253.00	+13
I.S.S.B. Systems	855.00	+25
Jyske Bank	510	+11
Novo Inds.*	236.00	−9
Privatbanken	273.00	+4
Sophus Berendsen	970.00	+5
Superfos	252.00	−2

FINLAND

Aug. 19	Price Mks	+ or −
Amer	245.5	+4
KOP	56.45	+0.8
Kone	241	+1
Finnish Sugar	92.5	−1
Nokia	226	+1
Pohjola 'B'	110.5	+2.5
Rauma-Repola	34.5	......
Stockmann 'B'	267	−5.5
USF 'C'	34.45	−0.45
Utd. Paper	165.5	+1
Wartsila (s11)	242.5	+5

FRANCE

Aug. 19	Price Frs.	+ or −
Emprunt 4½% '73	1930	+24
Emprunt 7% 1973	9178	+3
Accor	455.50	−7
Agence Havas	557.00	......
Air Liquide	685	−3
Alcatel	2925	−51
BIC	720	+10
BNP (Cen. Inv.)	530	−5
Bongrain	2850	......
Bouygues	1194	−6
BSN Gervais	4875	−30
Carrefour	3290	−10
Club Mediterranee	649.00	+1
Cie Bancaire	671	−17
Cofimeg	320	......
CGE	340.80	−2.2
Damart	2830	−60
Darty	430	−5
Dumez S.A.	1097	−3
Eaux (Cie Gen)	1260	+4
Elf-Aquitaine	369.50	−5.5
Essilor	4000	−40
Gen. Occidentale	1075	−10
Imetal	170.00	−2.7
Lafarge Coppee	1639	−9
L'Oreal	3850	+45
Legrand	2720.00	−30
Maisons Phenix	64	−1
Matra S.A.	2130	−39
Michelin B	321	−8
Midi (Cie)	1212	−30
Moet-Hennessy	2890	−10
Moulinex	72	+2
Nord Est	155.50	−1.5
Paribas	426.00	−3
Pernod Ricard	960.00	−6
Perrier	831	−4
Petroles Fra	445	+26
Peugeot S.A.	1533	+7
Printemps Au	678	+4
Radiotech	1562	−1
Redoute	2958	−2
Roussel-Uclaf	1445	−5
St. Gobain	484.00	−2
Sefimeg	443	−7
Skis Rossignol	1171	−4
Telemech Elect	3295	−5
Thomson (CSF)	1212	+2
Valeo	613.00	+3

GERMANY

Aug. 19	Price Dm.	+ or −
AEG	349.00	−5.5
Allianz Vers	2080.00	−65
BASF	332.60	−5.1
Bayer	352.40	−6.6
Bayer-Hypo	498.00	−11
Bayer-Verein	486.00	−9
BHF-Bank	486.00	−6
BMW	738.00	−10
Brown Boveri	352.00	−12.5
Commerzbank	298.50	−8
Cont'l Gummi	367.00	−3
Daimler-Benz	1159.00	−21
Degussa	539.50	−5.5
D'sche Babcock	241.00	−4.5
Deutsche Bank	703.50	−8.5
Dresdner Bank	364.00	−6.5
Feldmuehle Nobel	337.30	−3.7
Henkel	555.00	−11
Hochtief	720.00	−2
Hoechst	328.50	−3
Hoesch Werke	132.50	−2.5
Holzmann (P)	464.00	+1
Horten	242.00	−6
Hussel	648.00	−4
Karstadt	537.00	−5
Kaufhof	505.00	−5
KHD	191.00	−3
Kloeckner Werke	140.50	−6.5
Linde	775.00	−5
Lufthansa	188.00	−10
MAN	194.20	−5.3
Mannesmann	183.00	−0.6
Mercedes Hld.	1020.00	−19
Metallgesell	387.00	−8
Muench Rueck	2050	−50
Nixdorf	839.50	+0.5
Porsche	981.00	−9
Preussag	203.00	−2
Rhein West Elect.	256.50	−7
Rosenthal	286.50	−1.5
Schering	624.00	−2
Siemens	669.50	−14.5
Thyssen	137.50	−2
Varta	354.50	−3.5
Veba	319.80	−2.2
V.E.W.	174.00	......
Verein-West	460.00	−5
Volkswagen	403.00	−7.2

ITALY

Aug. 19	Price Lire	+ or −
Banca Com'le	2885	......
Bastogi-IRBS	460.00	−1
CIR	5399	......
Credito Italian	1788	......
Fiat	10600	−60
Generali Assicur	120525	−475
Italcementi	104300	......
La Rinascenti	999	......
Montedison	2180	+35
Olivetti	10900	−100
Pirelli Co	5810	−75
Pirelli Spa	4300	......
Saipem	3620	......
Snia BPD	3273	......
Toro Assic	27370	......

NETHERLANDS

Aug. 19	Price Fls.	+ or −
ACF Holding	65.40	−0.1
AEGON	98.20	−0.1
Ahold	109.10	−0.7
AKZO	169.80	+0.3
ABN	502.50	+3.5
AMEV	68.10	−0.2
AMRO	88.50	+0.1
Boehrmann-Tet	59.00	+0.9
Dordtsche Petroleum	250.20	+0.2
Elsevier Ndu	61.50	+0.5
Fokker	58.30	+0.1
Gist Brocades	51.40	+0.5
Heineken	187.00	−2.8
Hoogovens	47.00	+0.5
Hunter Douglas	63.00	−0.6
IHC Caland	21.50	−0.5
Int Mueller	70.00	+0.6
KLM	54.40	+1.1
KNP	163.70	+1.2
Nat Ned Cert	80.30	......
Ned Mid Bank	172.00	−1.2
Ned Lloyd	172.00	+5.7
Oce Grinten	464.00	+1
Ommeren (Van)	38.30	......
Pakhoed	87.00	+1.5
Philips	53.40	......
Robeco	112.40	−1.9
Rodamco	142.10	−0.4
Rolinco	106.40	−2
Rorento	52.30	......
Royal Dutch	277.80	−1.2
Unilever	146.20	−0.1
VMF Stork	25.80	−0.4
VNU	94.30	−0.5
Wessanen	92.70	−1.3
Wolters Samsom	129.50	+5.5

NORWAY

Aug. 19	Price Kroner	+ or −
Aker-Norcem	76.50	......
Bergen bank	198.50	−2
Bergesen B	425.00	−8
Christiania Bk	210.00	+5
Den Norsk Credit	176.50	−0.5
Elkem	129.50	+1.5
Kosmos	142.50	−3
Kvaerner	236.00	+0.5
Norsk Data	263.00	......
Norsk Hydro	245.50	−4
Orkla Borregaard	500.00	+12
Storebrand	370.00	......

SPAIN

Aug. 19	Price Pts. %	+ or −
Banco Bilbao	1580.00	−15
Banco Central	1065.00	−30
Banco Exterior	475.00	−5
Banco Hispano	599.00	−1
Banco Popular	1795.00	......
Banco Santander	1303.00	−20
Banco de Vizcay	1860.00	......
Banesto	1010.00	......
Dragados	785.00	−40
Hidrola	82.00	−2
Iberduero	120.00	−6
Petroleos	622.00	−5
Telefonica	228.50	−4

SWEDEN

Aug. 19	Price Kroner	+ or −
AGA (Free)	214.00	......
Alfa-Laval	336.00	+15
ASEA (Free)	433.00	......
Astra (Free)	275.00	+15
Atlas Copco	193.00	−2
Beijer A Fria	231.00	+1
Cardo (Free)	265	......
Cellulosa	350.00	......
Electrolux B	304.00	−1
Ericsson	262.00	......
Esselte	189.00	−1
Mo Och Domsjo	440.00	......
Pharmacia	235.00	−8
Saab-Scania (free)	260	......
Sandvik	219.00	−1
Skandia Ins	207.00	+2
Skandia Intl.	285.00	+2
Skan Enskilda	145.00	......
SKF	365.00	−1
St. Kopparbergs	404.00	−1
Svka Handelsbn	525.00	−7
Swedish Match	114.00	+2
Volvo B (Free)	368.00	−6

SWITZERLAND

Aug. 19	Price Frs.	+ or −
Adia Intl.	12750	−150
Alusuisse	880	+6
Bank Leu	3950	−40
Brown Boveri	3040	−50
Ciba Geigy	3980	−40
do. (PtCts)	2700	−80
Credit Suisse	3360	−60
Elektrowatt	3900	−80
Fischer (Geo.)	1740	−5
Hoff-Roche (Pt Cts)	145750	−2750
Hoff-Roche 1/10	14525	−175
Jacobs Suchard	9750	−50
Jelmoli	3850	−25
Landis & Gyr	1800	−15
Nestle	10625	−75
Oer-Buhrle	1660	+40
Pargesa Hldg	2375	−15
Pirelli	425	−4
Sandoz (Br)	14650	−150
Sandoz (PtCts)	2475	−85
Schindler (PtCts)	850	−15
Sika	775	......
Surveillance	6825	−125
Swissair	1440	−20
Swiss Bank	509	−2
Swiss Reinsce	18000	−400
Swiss Volksbk	2290	−50
Union Bank	5015	−55
Winterthur	6900	−175
Zurich Ins	7425	−125

AUSTRALIA

Aug. 19	Price Aust$	+ or −
ACI Int.	4.60	−0.05
A.F.P.	3.75	+0.03
Adelaide Steams	8.60	−0.08
Amcor	5.20	......
ANZ Group	4.72	−0.08
Ampol Pet	3.55	−0.1
Ariadne Aust	2.60	+0.17
Ashton	3.80	+0.05
Aust Guarant	2.90	+0.05
Aust Nat Inds	2.18	−0.02
Bell Group	9.56	+0.06
Bell Resources	5.30	−0.08
Bond Corp Hldgs	2.62	−0.06
Boral	6.18	−0.02
B'ville Copper	4.85	+0.05
Brambles Inds	11.20	......
Bridge Oil	1.68	−0.07
BHP	10.20	......
BHP Gold	1.68	......
Burns Philp	5.56	+0.06
CRA	10.70	−0.3
CSR	3.98	+0.02
Chase Corp	4.00	......
Claremont Petro	1.10	+0.02
Coles Myer	8.24	+0.08
Comalco "A"	5.10	......
Consolidated Pet	0.25	−0.01
Costain Aust	3.20	−0.05
Elders IXL	5.40	......
Energy Res	2.85	......
Gen Prop Trust	3.40	+0.05
Goodman Fielder	4.75	−0.03
Hardie (J.)	4.50	−0.05
Hartogen Energy	3.20	......
ICI Aust	5.24	+0.04
Industrial Equity	5.62	......
Jimberlana (50cFP)	0.68	+0.03
Jones (David)	11.00	−0.1
Kia Ora Gold	1.15	......
Kidston Gold	7.50	......
Lend Lease	17.40	......
MIM	3.42	−0.03
Mayne Nickless	5.70	......
Nat. Aust. Bank	5.30	−0.1

AUSTRALIA (Continued)

Aug. 19	Price Aust$	+ or −
News	22.00	−0.1
Noranda Pacific	4.65	+0.05
North Bkn Hill	4.18	+0.02
Oakbridge	0.58	......
Pacific Dunlop	5.54	−0.02
Pancont'l	4.25	−0.05
Pioneer Conc	4.70	......
Placer Pacific	4.25	+0.05
Poseidon	7.30	+0.1
Queensland Coal	1.55	+0.02
Santos	7.10	−0.3
Smith (H.)	5.04	+0.04
Thos Natwide	5.90	+0.3
Tooth	8.10	......
Vamgas	4.00	......
Western Mining	9.86	+0.12
Westpac	5.84	−0.16
Woodside Petrol	2.30	−0.05
Woolworths	3.50	−0.06
Wormald Intl	3.25	......

HONG KONG

Aug. 19	Price H.K.$	+ or −
Bank East Asia	31.50	−0.5
Cathy Pacific	7.35	−0.1
Cheung Kong	12.70	−0.2
China Light	26.20	−0.7
Evergo	0.92	+0.01
Hang Lung	16.90	......
Hang Seng Bank	48.00	−0.5
Henderson Land	7.05	−0.1
Hong Kong China	20.10	−0.4
HK Electric	9.45	−0.1
HK Land	7.75	−0.1
HK Shanghai Bank	10.20	−0.2
HK Telephone	13.40	−0.2
Hutchison Wpa	13.60	−0.3
Indust Equity P	26.40	+0.6
Jardine Math	19.90	−0.2
New World Dev	13.90	+0.1
SHK Props	18.30	−0.3
Shell Elec. Mfg.	1.73	−0.03
Swire Pac A	24.20	−0.6
TV-B	16.70	−0.4
Wharf Hldgs	9.55	......
Windsor Ind.	17.70	−0.5
World Int Hldgs	4.47	−0.1

JAPAN

Aug. 19	Price Yen	+ or −
Ajinomoto	3410	−90
All Nippon Air	1910	......
Alps Electric	2580	−120
Asahi Chemicals	1190	+10
Asahi Glass	1980	−10
Bank Tokyo	1630	+30
Bridgestone	1130	−30
Brother Inds.	660	+11
Canon	1080	−90
Casio Computers	1280	−60
Chugai Pharm	1980	+30
Daiei	2070	......
Dai Ichi Kan Bank	3230	+40
Dai Nippon Ink	807	−8
Dai Nippon Ptg	2210	−50
Daiwa House	2300	......
Daiwa Sec	2980	+10
Eisai	2360	+30
Fanuc	6090	−300
Fuji Bank	3250	......
Fuji Film	4620	−100
Fujisawa	2280	−40
Fujitsu	1290	−40
Furukawa Elect	784	−4
Green Cross	3120	+10
Heiwa Real Est	1880	......
Hitachi	1230	−60
Hitachi Credit	1630	−20
Honda	1580	−90
Indl Bank Japan	4000	−30
Ishikawajima Hr	630	+1
Isuzu Motors	429	−7
Itoh (C)	730	−1
Ito Yokado	4150	−40
JAL	14700	+200
Jusco	1630	−20
Kajima	1790	+40
Kao Soap	2160	−20
Kawasaki Steel	302	+8
Kirin	2530	......
Kobe Steel	265	+3
Komatsu	668	......
Konishiroku	855	−26
Kubota	615	−11
Kumagai	1110	+10
Kyoto Ceramic	6200	−410
Marubeni	508	+2
Marui	3350	+20
Mazda Motors	429	−8
Meiji Seika	1110	......
MEI	2460	−80
M'bishi Bank	3150	+10
M'bishi Chem	1100	......
M'bishi Corp	1300	+30
M'bishi Elec	615	−10
M'bishi Estate	2560	+20
MHI	607	......
Mitsui Bank	2690	......
Mitsui Co.	765	......
Mitsui Estate	2280	+20
Mitsui Toatsu	700	−5
Mitsukoshi	1690	+10
NGK Insulators	982	−11
Nikko Sec	2510	+40
Nippon Denso	1530	−40
Nippon Elect	1940	−110
Nippon Express	1180	+20
Nippon Gakki	1760	−100
Nippon Kogaku	1120	−70
Nippon Kokan	295	+7
Nippon Oil	1390	......

JAPAN (Continued)

Aug. 19	Price Yen	+ or −
Nippon Seiko	595	−15
Nippon Shimpan	1370	......
Nippon Steel	349	+6
Nippon Suisan	612	−6
Nippon Yusen	563	−4
Nissan Motor	700	−25
Nisshin Flour	1300	−40
Nomura	4690	+60
Olympus	1180	−60
Onada Cement	795	−8
Orient Finance	1540	......
Orient Leasing	3910	+10
Pioneer	3090	−110
Ricoh	1220	−30
Sankyo	1850	......
Sanwa Bank	2850	......
Sanyo Elect	510	−3
Sapporo	1930	......
Sekisui House	2950	+10
Seven-Eleven	8190	......
Sharp	1230	−50
Shimizu Const.	975	+10
Shionogi	1730	......
Shiseido	2270	−30
Showa Denko	633	+1
Sony	5150	−150
S'tomo Bank	3810	−10
Sumitomo Chem	862	−23
Sumitomo Corp	1040	+30
S'tomo Elect	1680	−50
S'tomo Metal	257	+6
Taisei Corp	1070	+20
Taisho Marine	1200	+30
Taiyo Kobe Bank	1600	−30
Takeda	3220	−40
TDK	5120	−180
Teijin	874	−1
Toa Nenryo Kyo	2100	+10
Tokai Bank	2390	......
Tokyo Marine	2230	+40
Tokyo Elect Pwr	6410	+260
Tokyo Gas	1080	+50
Tokyu Corp	1500	+30
Toppan Print	1600	−50
Toray	779	+9
Toshiba Elect	650	−19
Toyo Seikan	2900	−40
Toyota Motor	2010	−120
UBE Inds	465	−10
Victor	2970	−80
Yamaha	840	−26
Yamaichi Sec	2530	+80
Yamanouchi	4650	−60
Yamazaki	1670	−10
Yasuda Fire	1140	+30

SINGAPORE

Aug. 19	Price $	+ or −
Boustead Hldgs	2.12	−0.06
Cerebos Pacific	7.85	−0.25
Cold Storage	5.10	+0.25
DBS	16.50	−0.2
Genting	6.25	−1.1
Haw Par Bros	6.10	−0.15
Hong Leong Fin.	4.68	−0.12
Inchcape Bhd	6.20	−0.15
Keppel Shipyard	4.20	−0.12
Malay Banking	8.05	−0.3
Malayan Utd. Ind.	2.77	−0.09
Multi Purpose	0.77	−0.02
OCBC	10.50	−0.3
OUB	5.70	−0.15
Public Bank	2.93	−0.09
Sime Darby	3.56	−0.06
Singapore Air	14.70	−0.1
Singapore Press	10.20	−0.1
Straits Trading	5.60	−0.15
Tat Lee Bank	4.56	−0.1
UOB	7.90	−0.1

SOUTH AFRICA

Aug. 19	Price Rand	+ or −
Abercom	2.95	......
AE & CI	16.75	+0.25
Allied Tech	180.00	......
Anglo Am Coal	36.75	......
Anglo Am Corp	87.00	−1.5
Anglo Am Gold	407.00	−8
Barclays Bank	20.50	......
Barlow Rand	27.25	......
Buffels	74.75	+0.75
CNA Gallo	6.00	+0.1
Currie Finance	5.30	+0.1
De Beers	52.50	−2.5
Driefontein	89.50	−0.5
Freegold	56.50	−1
Gold Fields SA	93.00	+1.5
Highveld Steel	7.70	......
Malcor Hldgs	22.50	......
Nedbank	7.85	......
OK Bazaars	18.75	......
Rembrandt	13.70	......
Rust Plat	57.87	−1.13
Safren	32.25	+0.25
Sage Holdings	19.25	......
SA Brewers	24.00	+0.5
Smith (C.G.)	45.50	+0.5
Tongaat Hulett	15.10	+0.1

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices August 19

Total Sales 9,853,687 shares

MONTREAL

Closing prices August 19

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 41

Indices

NEW YORK - DOW JONES

	August 19	August 18	August 17	August 14	August 13	August 12	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Industrials	2,665.82	2,654.66	2,700.57	2,685.43	2,691.49	2,680.32	2700.57 (17/8)	1927.31 (2/1)	2700.57 (17/8)	41.22 (2/7/32)
Transport	1,075.67	1,076.47	1,090.82	1,101.16	1,090.97	1,094.18	1101.16 (14/8)	818.36 (2/1)	1101.16 (14/8)	12.32 (8/7/32)
Utilities	208.16	208.94	212.18	212.79	212.90	209.07	227.83 (22/1/87)	191.39 (20/5)	227.83 (8/4/87)	10.5 (8/4/32)
Trading vol		280.353m	180.654m	190.12m	217.977m	238.38m	–	–	–	–

	August 14	August 7	July 31	Year Ago (Approx)
Ind Div Yield %	2.54	2.62	2.68	3.65

STANDARD AND POORS

	August 19	August 18	August 17	August 14	August 13	August 12	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Industrials	384.75	383.81	388.37	386.40	388.59	385.53	388.59 (13/8)	274.58 (2/1/87)	388.59 (13/8)	3.62 (21/6/32)
Composite	329.83	329.35	334.11	333.99	334.65	332.39	334.65 (13/8)	246.45 (2/3/87)	334.65 (13/8)	4.40 (1/6/32)

	August 13	August 6	July 30	Year Ago (Approx)
Ind div yield %	2.33	2.32	2.32	2.99
Ind. P/E Ratio	23.82	24.82	24.39	18.11
Long Gov Bond Yield	8.85	8.96	8.88	8.11

N.Y.S.E. ALL COMMON

August 19	August 18	August 17	August 14	1987 High	1987 Low
184.39	184.12	186.76	186.58	186.66 (13/8)	141.81 (21/1)

RISES AND FALLS

	August 19	August 17	August 14
Issues traded	2,001	2,008	2,013
Rises	393	781	749
Falls	1,296	817	845
Unchanged	312	438	419

TORONTO

	August 19	August 18	August 17	August 14	1987 High	1987 Low
Metals & Minls	3,332.8	3,362.2	3,387.8	3,376.8	3,483.6 (4/8/87)	1,988.2 (2/1/86)
Composite	4,017.8	4,032.6	4,072.3	4,083.1	4,112.9 (13/8)	3,087.8 (2/1/86)
MONTREAL Portfolio	2,004.94	2,014.31	2,045.17	2,052.73	2,224.77 (18/7/87)	1,534.3 (2/1/86)

* Indicates pre-close figure

	Aug. 19	Aug. 18	Aug. 17	Aug. 14	1987 High	1987 Low
AUSTRALIA						
All Ord (1/1/80)	2103.1	2108.5	2111.1	2114.5	2114.5 (14/8)	1486.7 (2/2)
Metals & Minerals (1/1/80)	1384.9	1392.6	1403.6	1414.5	1453.3 (4/8)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	214.66	214.49	214.65	215.04	230.60 (2/1)	182.21 (19/6)
BELGIUM						
Brussels SE (1/1/84)	5365.60	5408.60	(c)	5404.40	5415.20 (13/8)	3987.86 (9/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	211.37	208.84	204.76	217.57 (22/1)	189.64 (6/1)
FINLAND						
Unitas General (1975)	625.0	619.8	608.6	602.0	625.0 (19/8)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	406.80	411.80	413.90	411.4	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	105.10	105.90	106.90	106.90	117.2 (26/3)	97.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	656.97	668.02	669.40	663.36	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	2022.20	2059.20	2061.10	2041.1	2061.10 (17/8)	1633.8 (19/3)
HONG KONG						
Hang Seng Bank (31/7/64)	3450.64	3504.87	3510.66	3512.15	3557.43 (12/8)	2449.88 (20/1)
ITALY						
Banca Com. Ital (1972)	607.15	611.57	619.45	634.34	767.36 (30/4)	607.15 (19/8)
JAPAN**						
Nikkei (16/5/49)	25231.59	25344.34	25378.88	25494.01	25929.42 (17/6)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2091.42	2099.70	2101.56	2105.96	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP CBS Gen (1970)	322.40	325.30	330.80	334.10	334.10 (14/8)	257.7 (28/1)
ANP CBS Indust. (1970)	272.20	274.50	277.30	278.20	280.80 (11/8)	243.7 (28/1)
NORWAY						
Oslo SE (4/1/83)	515.89	512.65	532.02	526.55	532.02 (17/8)	361.98 (2/1)
SINGAPORE						
Straits Times (30/12/66)	1432.90	1460.90	1449.20	1476.39	1491.20 (12/8)	889.08 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(u)	2315.0	2262.0	2289.0	2499.0 (3/8)	1786.0 (19/3)
JSE Indust (28/9/78)	(u)	2222.0	2221.0	2226.0	2226.0 (14/8)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	285.34	288.76	291.68	290.76	294.57 (4/8)	202.89 (8/5)
SWEDEN						
Jacobson & P. (31/12/56)	3005.20	2985.90	2976.60	2985.80	3005.20 (19/8)	2111.39 (29/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	673.50	681.00	686.40	685.00	685.00 (14/8)	559.7 (25/2)
WORLD						
M.S.Capital Intl. (1/1/70)	(u)	480.3	481.3	482.6	482.60 (14/8)	361.3 (2/1)

**Saturday August 15: Japan Nikkei Closed.

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day
Phila Elec	10,844,800	22⅞	− ⅛
Salomon Inc	1,558,100	37½	+ 1
Navistar Intl	1,258,700	7⅜	+ ⅛
Chicorp	1,212,700	62⅞	− 2⅜
IBM	1,169,400	171⅛	− 1⅝
AT & T	1,129,800	33½	− ⅛
Hewlett-Packard	1,103,300	64½	− 3
Eastman Kodak	1,023,700	96⅛	− 1⅛
FPL Group	904,100	33½	+ ⅛
Holiday Food	812,800	14¼	unch

LONDON – Most Active Stocks
Wednesday, August 19, 1987

	Stocks Traded	Closing Price	Change on Day
Brit Gas	22.0m	173	− 6
All-Lyons	16.0m	409	− 5
BP	13.1m	347	− 6
Sears	12.8m	161	− 2
Gen Elect	12.9m	208	+ 1½
Cble & Wire	10.0m	428	− 10
Tesco	9.8m	171	− 5
Brit Telecom	9.6m	257½	+ 1
Plessey	7.3m	181	− 7
Hanson Tr.	6.8m	182½	− 3½

TOKYO – Most Active Stocks
Wednesday, August 19, 1987

	Stocks Traded	Closing Prices	Change on Day
Kawasaki Steel	174.46m	302	+ 8
Nippon Steel	84.37m	349	+ 6
Sumitomo Steel	77.43m	257	+ 6
Mitsub Heavy Ind	33.58m	607	unch
Hitachi	24.89m	1,230	− 60
Matsushita Elec. Ind.	28.26m	2,460	− 80
Mitsubishi Petro.	18.13m	1,190	+ 30
Fujitsu	17.78m	1,290	− 40
Toyobo	13.35m	628	+ 25
Nippon Kokan	13.85m	295	+ 7

LONDON Chief price changes
(In pence unless otherwise indicated)

RISES:

Midl Bk	459	+ 14
Owen & Rob	963	+ 53

FALLS:

All-Lyons	409	− 5
Argyll Gr	416	− 17
BAT Inds.	630½	− 19½
Brit Dredg	205	− 19
Brit Gas	173	− 6
Cannon St Invs.	363	− 18
Freemans	236	− 7
Glaxo	£17¾	− ⅛
Grand Met.	530	− 13
Hill Sam	654	− 109
Klein Benson	572	− 43
Miller (S.)	118	− 12
Morg Grenfell	553	− 17
P & O Defd.	659	− 21
Pilkington	274	− 14
Plessey	181	− 7
Reed. Intl.	495	− 14
Rover	89	− 9
Rowntree	555	− 17
Saat & Saat	636	− 11
Sedgwick	310	− 4
UEI	468	− 20

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
36 5/8	20 5/8	AAR s	.50	1.4	24	270	36 1/4	35 3/4	35 3/4	-1/8
49 1/4	22	ADT	.92	1.8	28	7611	u50 5/8	49 1/8	50 5/8	+1 1/4
31 1/4	16 3/4	AFG s	.16	.6	10	298	29	28 7/8	29	
22 5/8	8 3/8	AGS s			18	216	19 5/8	19	19 1/4	
10 7/8	8 3/4	AMCA				8	9 7/8	9 3/4	9 7/8	
9 3/8	4 7/8	AM Intl				859	8 1/2	8 1/4	8 1/4	-1/4
65 1/2	50 1/4	AMR			13	3544	62 1/4	61 1/4	61 7/8	-3/8
27 1/2	24 7/8	ANR pf	2.67	10.		4	25 1/2	25 1/2	25 1/2	
17 3/4	8 1/8	ARX s			19	317	u12	11 5/8	11 3/4	+1/8
73 1/2	31 1/4	ASA	2a	3.1		1157	65 1/2	64 3/4	65 1/2	-1/2
20	9 3/4	AVX		1.8	36	224	17 3/4	17 5/8	17 3/4	
67	41	AbtLab	1	1.6	25	4152	64 3/4	63 1/8	64 5/8	-3/8
28	24 1/4	Abitibi g				42	26 1/2	26 1/4	26 3/8	+1/8
16 3/4	9 3/8	AcmeC .40		2.5	16	110	15 7/8	15 1/2	15 7/8	+1/4
9 5/8	6 1/8	AcmeE .32b		3.2	68	148	u10 1/2	9 5/8	10 1/8	+1/2
23 7/8	19	AdaEx 3.43e		16.		81	21 7/8	21 1/2	21 3/4	
19 1/2	11 3/8	AdmMi s .24		1.6	12	25	15 3/8	15 1/8	15 1/4	-1/8
25 7/8	12 1/8	AdvSys .62		2.4	19	297	u26	24 3/4	26	+1
24 1/2	12 7/8	AMD				3706	20 5/8	19 3/4	20 3/8	+1/2
54 3/4	47	AMD pf	3	5.7		129	52 1/2	51 1/2	52 1/4	+1/2
11 7/8	5 1/4	Adobe				173	10 1/4	10	10	
20 1/2	14 3/4	Adob pf	1.84	9.2		11	20	19 7/8	20	
21 7/8	17	Adob pf	2.40	12.		13	21 1/8	20 3/4	20 3/4	-1/4
15	10 3/8	Advest .12a		1.0	9	159	12 1/2	12 1/8	12 1/4	-1/8
66 1/4	53	AetnLf 2.76		4.4	9	3729	62 5/8	61 1/2	62 1/4	+5/8
83 1/2	26 1/2	AffPb s .32		.4	28	406	75	74 1/4	74 1/4	-1/4
27 1/2	18 5/8	Ahmans .88		4.1	8	4140	21 3/4	21 3/8	21 1/2	-1/4
5 3/8	2 7/8	Aileen				53	3 1/2	3 1/2	3 1/2	-1/8
53 7/8	31 1/4	AirPrd	1	2.0	22	1288	50 1/4	49 5/8	50 1/4	
38	17 3/4	AirbFrt .60		2.2	12	74	27 3/4	27 1/8	27 3/4	+3/8
15	7 3/8	Airgas n			21	46	13 1/4	13	13 1/4	-1/8
20 3/8	16 1/4	Airlse n1.57e		8.8		31	17 3/4	17 1/2	17 3/4	+1/8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 41

NYSE COMPOSITE CLOSING PRICES

Continued from Page 40

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
40¾	29¾	SaraLee 1		2.2	19	1834	45	44⅝	45	+¼
51½	48½	SaraL pf2.75e		5.4		12	50¾	50⅝	50¾	+⅛
19	14¼	SaulRE .20		1.1	48	65	18	18	18	
23⅛	15¼	SavEP 1		5.9	9	34	17⅛	16⅞	16⅞	−⅛
5⅞	1⅞	Savin				767	1½	1⅜	1⅜	−⅛
5⅞	3⅞	Savin pf				101	5⅛	5	5⅛	
42⅞	30⅞	SCANA2.32		6.8	11	332	34	33½	34	+¼
10	6	Schlz s				119	9⅞	9	9	
55¼	34½	SchrPl s 1		1.9	32	1930	53½	52	53½	+1
51	30⅞	Schlmb1.20		2.6		8968	46¾	45¼	46¼	+⅝
22⅞	8½	SciAtl .12		.6		513	19¼	18¼	19¼	+¾
62½	57	ScottP 1.36		1.7	16	453	82	80⅝	81¾	
15⅞	12	Scottys .52		3.6	20	108	14¾	14¼	14½	−⅛
13	10½	ScdNA n				62	12⅛	11⅝	11⅝	−⅛

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
34½	14⅞	Trinty .50		1.6	94	546	32	30¾	32	+¾
78¼	42¼	Trinov s 1		1.3	21	332	76	74⅛	74⅞	−1⅛
22⅝	13⅞	TritEng .10		.5	15	246	19¼	19⅛	19⅛	−⅜
29¾	22⅞	TritE pf 2		7.6		34	26½	26⅛	26⅛	−⅝
65	51	TucsEP3.60		6.0	12	297	59⅞	59⅝	59⅞	
16	10	Tultex s			18	430	14¼	13¾	13⅞	−⅜
22½	14⅞	TwinDs .70		3.2	30	6	21⅝	21⅝	21⅝	
58¼	30¾	TycoLb .40		.9	35	348	54½	53¼	54½	+⅛
15¾	11⅞	Tyler .40		2.6	27	90	15⅝	15⅛	15⅝	+⅛

U U U

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
51½	20	UCCEL			38	1178	49⅞	49¼	49¼	+2¾
27⅞	17¼	UDC	2.20	12.	6	92	19	18⅝	19	
32	25½	UGI	2.04	6.9	11	146	29⅝	29¼	29⅝	

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
31	26	WisG pf2.55		9.8		3	26⅛	26	26	−½
60¼	42½	WiscPL3.12		6.5	11	33	48¼	47¾	47⅞	−⅛
31½	21⅞	WisPS s1.54		6.2	12	105	25⅛	24¾	24¾	−⅜
47⅞	31⅞	Witco 1.12		2.7	14	302	41⅝	40⅞	41	−⅜
14	6⅝	WolvrW			47	150	13½	13⅛	13¼	
58⅝	37	Wlwth s1.32		2.3	18	2985	58	56½	57¼	−½
167½	106	Wolw pf2.20		1.3		2	163½	163½	163½	−4
7⅝	2	WrldCp				41	6½	6⅜	6⅜	−⅛
19¼	14⅞	WrldVl				34	19	18¾	19	
59	41⅞	Wrigly s1.04		1.8	20	81	58¼	57⅞	58⅛	+½
3⅞	1⅝	Wurltzr				3	2⅝	2⅝	2⅝	−⅛
18⅞	11⅞	WyleLb .32		1.7	37	266	18½	18⅛	18½	+⅛
24¼	18	Wynns .60		3.1	15	39	19⅝	19⅛	19⅛	−¼

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
82¾	51	Xerox 3		3.8	18	3072	80¼	78⅞	80	
58¼	54¼	Xerox pf5.45		9.8		26	55¾	55½	55¾	+¼
31½	21½	XTRA .64		2.1	24	144	30	29⅞	30	+¼
27⅞	26⅝	XTRA pf1.94		7.4		112	26⅝	26¼	26⅛	−½
29	15	Yorkia			13	92	28	27½	28	+⅛
7⅛	2⅛	Zapata				927	5	4⅝	4¾	
32⅞	20⅝	Zayre .40		1.3	19	6169	31	29⅝	31	+1½
14¾	9⅛	Zemex .40		3.1	8	28	13⅛	12⅞	13	
33⅝	18⅞	ZenithE			127	1286	32	31½	31⅞	−⅛
13⅞	7⅛	ZenLab				2122	8⅝	7¾	8¼	+⅜
28¼	18⅝	ZonNtl .80		3.5	14	435	23	22⅛	23	+½
20⅝	12⅝	Zero .28		1.5	20	302	20	19⅝	20	+½
30¾	17½	Zurnin s .60		2.4	19	291	28⅝	27¾	28¼	
10⅝	8⅛	Zweig n.85e		8.5		395	10	9⅞	9⅞	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 39

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Late rally as investors shrug off dollar's fall

WALL STREET

SHRUGGING OFF a further steep decline in the dollar, Wall Street stocks staged a late rally to repair some of the damage of Tuesday's heavy sell off, *writes Roderick Oram in New York.*

Credit markets also proved somewhat resistant to the US currency's fall of about Y2 from levels in New York the previous evening to Y144.30. Bond prices were off only two-thirds of a point at most.

The Dow Jones Industrial Average closed up 11.16 points at 2,665.82 after falling as much as 17 points during the session.

Traders said investors, who had tended to take a wait-and-see attitude after Tuesday's heavy falls, jumped back into the market in the last half hour of trading. They appeared to be encouraged by the relatively cheaper price of stocks after Tuesday's falls.

Their buying was directed more to the 30 Dow Industrials, however, and broader market indices showed smaller gains. The Standard & Poor's 500 closed up 0.58 at 329.83 and the New York Stock Exchange composite index added 0.26 at 184.38. Tertiary stocks barely edged ahead.

NYSE volume was moderately heavy at 181m shares with the number of stocks advancing just outnumbering those declining by 775 to 739.

The banking sector attracted a lot of attention after Citicorp's announcement, late on Tuesday, that it would issue next month 17m common shares worth, at current market prices, around $1bn. Its shares fell yesterday by $2½ to $63⅛ which was less than the 7 per cent dilution which the new stock will cause.

Other banks which will probably have to follow Citicorp's lead in strengthening their balance sheets were also lower. Chase Manhattan fell $⅝ to $42⅞, Manufacturers Hanover dropped $⅞ to $44⅝, Chemical fell $1⅛ to $42⅜ and BankAmerica slipped $⅛ to $12⅞. J. P. Morgan fell $⅛ to $50⅜ even though it is considered to be in the strongest position and therefore least likely to raise capital.

In the takeover arena, Newmont Mining fell $1⅛ to $81⅜. Consolidated Gold Fields said it had no intention of seeking control of Newmont and it had full confidence in its management. Consgold's right to end its standstill agreement with Newmont and increase its stake beyond 26.2 per cent was triggered by the build up of a 9.95 per cent stake in Newmont by a company run by Mr T. Boone Pickens, the Texas corporate raider.

Manpower rose $2⅛ to $78½. The recruitment group said it was holding talks with Blue Arrow of the UK which might lead to a merger. It was also holding talks with other parties. It had earlier turned down a $75 a share offer from Blue Arrow.

Kenner Parker Toys gained $2¼ to $49½ after New World Entertainment, up $⅛ at $10, raised its bid to $47 a share from $41. Kenner Parker said yesterday it was considering alternatives such as a leveraged buy out.

Control Data rose $1⅜ to $34⅜. Wall Street analysts have been recommending the stock as a good buy in the computer sector because of its rebounding performance and its attractiveness as a takeover candidate.

Elsewhere in the sector, Hewlett-Packard dropped $2½ to $65 after turning in third-quarter net profits of 57 cents a share, at the bottom end of analysts' forecasts, against 48 cents a year earlier.

Other computer stocks were mixed. IBM fell $¼ to $172⅜, Digital Equipment was off $⅜ to $179½ and Cray Research was unchanged at $110½ while Apple added $1¼ to $49⅜.

Bond prices had been mixed overnight with a weak performance in Tokyo followed by some strengthening in London. But the further fall of the dollar from the New York close on Tuesday by about Y2 to around Y144.30 put further pressure on Wall Street credit markets.

The markets were also cautious ahead of some key economic statistics due for release tomorrow. Rumours were beginning to circulate yesterday that the consumer price index had risen more strongly in July than previously forecast. Late last week economists were estimating an increase of between 0.3 per cent and 0.6 per cent with a consensus of 0.4 per cent.

CANADA

MOST sectors extended recent losses in moderate Toronto trade, although oils recovered slightly.

North Canadian Oils and Gulf Canada both made up C$⅛ to C$19⅜ and C$23⅞ respectively. Ranger Oil, however, weakened a further C$⅛ to C$8⅛.

SOUTH AFRICA

THE COUNTERVAILING effects of a steady bullion price and a firmer financial rand left Johannesburg gold shares mixed to easier.

Some gold issues advanced, Kinross by R1 to R82, Beatrix 50 cents to R25.25 and Joel 40 cents to R22.40.

De Beers slipped back R2.50 to R52.50. Mining house Gold Fields of South Africa rose a further R1.50 to R93. It announced a 15 per cent rise in net 1987 income on Tuesday.

Impala fell 25 cents to R55. The platinum group said on Tuesday income for fiscal 1987 had risen 42 per cent. Fellow platinum Rustenburg eased R1.25 to R57.75.

ASIA

Stronger yen squeezes export-led technologies

TOKYO

THE CONTINUING strength of the yen against the dollar drove export-led, high-tech issues sharply lower while lifting giant-capitals and power and gas utilities in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average closed 112.75 down at 25,231.59, the fourth straight fall. At one stage during the morning, the average tumbled to 275. Turnover swelled from Tuesday's 759.98m to 936.19m shares, reflecting active trading in large-capitals. Declines led advances by 581 to 304, with 146 issues unchanged.

High-tech stocks were hit by the sliding dollar which fell to below Y145 on the Tokyo foreign exchange market, an extension of its overnight weakness in New York.

High-techs recouped some of the ground lost in the morning when the dollar staged a late rally on dollar-buying intervention by the Bank of Japan. Matsushita Electric Industrial ended Y80 down at Y2,460 after diving Y180 to Y2,360 at one stage. Fuji Photo Film was down Y100 at Y4,620 after plunging Y350 earlier in the session. Hitachi declined Y60 to Y1,230, Sony shed Y150 to Y5,150 and Canon was down Y90 to Y1,080.

After the market intervention by the Bank of Japan securities companies and investors came forward and focused their buying interest on steels and other giant-capitals, which accounted for 51 per cent of the combined volume of trading in the 10 most active stocks.

Kawasaki Steel continued to top the active list, with 174.49m shares traded and firmed Y8 to a record Y302 on buying by investment trusts and non-residents. It passed the Y300 mark for the first time. Nippon Steel, second busiest with 84.37m shares, gained Y6 to Y349, Sumitomo Metal Industries was up Y6 to Y257 and Nippon Kokan added Y7 to Y295.

Electric power and gas utilities were also favoured on expectations of their higher earnings due to the yen's strength and lower crude oil prices. Tokyo Electric Power climbed Y260 to Y8,410 and Tokyo Gas was up Y50 to Y1,080.

SINGAPORE AIRLINES will offer overseas investors an extra 30.98m shares from August 25, Reuter; reports from Singapore. The airline said it has decided to raise its foreign shareholding by 5 per cent to 25 per cent.

However, the airline also said that overseas investors will not be permitted to hold a majority of shares in the group, even if there were to be a further future increase in the size of overseas ownership.

Singapore Airlines sold 46.24m shares to the public in June as part of the group's privatisation programme. Of these, 26.3m were bought by local investors and 19.9m by foreigners. However, foreign-owned shares remained unregistered under a 20 per cent ceiling on overseas shareholding. These shares can now be registered.

Singapore Airlines closed down 10 cents yesterday at S$14.70.

Bargain hunters sought chemical issues on hopes of improved earnings: Mitsubishi Petrochemical rose Y30 to Y1,190 and Kanegafuchi Chemical Industry added Y40 to Y1,040.

Constructions closed mixed. Ohbayashi advanced Y30 to Y1,050, while Misawa Homes slumped Y50 to Y2,610.

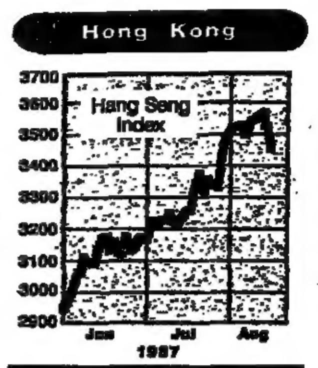
Financials eased on a wide front, with Sumitomo Bank weakening Y10 to Y3,810. But securities companies firmed, with Nomura Securities adding Y60 to Y4,890.

Bonds rallied strongly on the yen's appreciation. The yield on the bellwether 5.1 per cent government bond due in June 1996 tumbled from Tuesday's 5.150 per cent finish to 4.965 per cent at one stage. The central bank's buying of Y40bn worth of bonds also helped drive yields down.

The yield on the benchmark issue ended at 5.000 per cent in block trading on the Tokyo stock exchange due to late selling on a rally. It later closed at 5.010 per cent in inter-dealer trading.

HONG KONG

THE EASIER dollar and worries over local interest rates served to compound Hong Kong's recent correction and took share prices steeply lower. The Hang Seng index fell 54.23 to 3,450.64.



Blue chips were cold shouldered. Swire 'A' dipped 80 cents to HK$24.20 and Hutchison Whampoa 30 cents to HK$18.30. Cheung Kong and Hongkong Bank each fell 20 cents to HK$12.70 and HK$10.20 respectively.

Utilities also gave up ground, with China Light off 70 cents at HK$26.20 and Hongkong Telephone 20 cents cheaper at HK$13.40.

Evergo added 1 cent to 92 cents on the resumption of trading following chairman Mr Joseph Lau's offer to make the group private.

Oriental Press Group, which doubled its launch price of HK$1 on Tuesday, slipped 11 cents to HK$1.89.

SINGAPORE

CONTINUING their vacillations, Singapore share prices sank as profit-takers sold on a broad front. The Straits Times industrial index closed 28.04 down at 1,432.95 on a higher volume of 33.2m shares from Tuesday's 31m.

City Development Warrants made their debut and were most active on volume of 4.1m shares, closing at 53 cents. City ordinary shares lost 12 cents to close at S$4.98.

Cold Storage, re-listed following its suspension on July 9, was one of few gainers with a 26 cent rise to S$5.10. New Zealand's Wattie Industries and local blue-chip Fraser and Neave have bought a 34.2 per cent stake in the group. Fraser fell 40 cents to S$13.30.

Losses were sustained broadly. Among blue chips DBS fell 20 cents to S$16.50 and Genting 10 cents to S$7.25. In Malaysians, Sime Darby was off 6 cents at S$3.56.

AUSTRALIA

THE UNEXPECTEDLY large Australian current account deficit and Wall Street's sharp drop depressed Sydney share prices. A slight slackening of interest rates failed to offer the market much cheer and the All Ordinaries index slid 5.4 to 2,103.1.

Industrials faltered from their strong run, while bank issues were worst hit by the poor current account figures. Westpac gave up 16 cents to A$5.84, National Australia Bank 10 cents to A$5.30 and ANZ eased 8 cents to A$4.72.

Strong industrials included TNT, which made up 28 cents to A$5.90 and the recently reinstated Private Blood Bank, which jumped 90 cents to A$3.00 – making a two-session gain of A$1.70.

Some golds flourished, notably Sons of Gwalia, which picked up 80 cents to A$12.20. Western Mining added 12 cents to A$9.86. Heavyweight miners fell.

EUROPE

Stockholm stands at high amid dollar depression

THE DOWNWARD trend of the dollar continued to be the major factor in Europe yesterday, driving multinationals and blue chips lower. Swedish investors chose to ignore the dollar's movements and the bourse swung upwards to a record. In Italy, investors looked at domestic problems and the prevailing despondency sent prices sliding to a third successive low for the year.

Stockholm rose to a second consecutive record as trading continued actively. The J&P index passed the 3,000 mark closing up 19.3 at 3,005.2 as SKr350m worth of shares changed hands.

Construction and property issues rose while most other sectors turned in narrowly mixed performances.

In blue chips, Volvo slipped SKr6 to SKr368 while Saab-Scania declined SKr7 to SKr254. Ericsson edged down SKr1 to SKr 361.

In pharmaceuticals, Astra added SKr14 to SKr275 while Pharmacia slipped SKr8 to SKr235.

Milan hit a third consecutive 1987 low as prices continued to lose ground, although losses were not as steep as in the previous two sessions. Uncertainty over Italy's economic growth prospects and a lack of foreign buyers caused the negative trend to continue.

The MIB index lost 6 to end at 839. The index has fallen 5 per cent in three days of trading.

Declines were broad but insurers saw the largest falls of the day. Generali lost L1,775 to L120,525, Ras shed L710 to L56,200 and Toro Assicurazioni declined L470 to L26,900.

Blue chips were generally steady. Olivetti was unchanged at L11,000, Montedison added L5 to L2,150 and Fiat edged up L40 to L10,570.

Frankfurt slipped downwards on the heels of the lower dollar and losses on Wall Street the previous day. The Commerzbank index dropped 37 to close at 2,002.2.

Foreign investors sold off blue chips, pushing prices lower. Export-oriented cars, chemicals and electricals were hardest hit.

Daimler Benz tumbled DM21 to DM1,159.00, BMW lost DM10 to DM738.00 and VW was off DM7 at DM403.00.

In chemicals, Bayer lost DM6.60 to DM352.40 and Hoechst declined DM3 to DM328.50. BASF, due to release its first half earnings today, dropped DM5.10 to DM332.60.

Electronics group Siemens plunged DM14.50 to DM669.50 while AEG fell DM5.50 to DM349.00.

Commerzbank suffered the largest decline in a generally weaker banking sector. It lost DM8 to DM298.50 while Deutsche declined DM8.50 to DM703.50.

Bonds ended an active bourse generally firmer. The Bundesbank intervened to sell DM20m of paper after selling DM215.9m on Tuesday.

Amsterdam recovered slightly after a broad slide on Tuesday. A late buying spree overcame the dampening effect of the lower dollar and helped lift prices. The all-share index inched up 0.30 to 105.60.

Some international blue chips benefitted from late bargain-hunting. Akzo added 30 cents to Fl 169.00 and KLM advanced 10 cents to Fl 54.40.

Royal Dutch, however, continued to slide on lower oil prices and ended down Fl 1.20 at Fl 277.80. Unilever shed 10 cents to Fl 145.20.

Banks and insurers were narrowly mixed.

Zurich continued its downward trend in tandem with the dollar. Prices fell across the board in light trading as the overnight weakness on Wall Street prompted fresh selling.

The Credit Suisse index lost 6.4 to 588.6.

Some selling pressure arose from reports that Swiss engineering firms saw a 4.2 per cent drop in orders for the first half.

Major banks ended weaker following UBS bearers which closed down SFr55 at SFr5,015. Insurers fell in sympathy, following the lead of Swiss Recertificates, off SFr70 at SFr3,110.

Industrials also lost ground. Ciba-Geigy bearers were down SFr40 at SFr3,980 while Sandoz certificates shed SFr65 to SFr2,475.

Major holding companies were mostly lower. Ascom lost some of Tuesday's gains to end down SFr75 at SFr9,300.

Paris moved lower as several factors kept foreign investors on the sidelines and domestic traders cautious. Uncertainty over the dollar and global interest rates combined with technical selling to push prices lower. The CAC index lost 5 to end at 406.8.

Volume was low but late bargain-hunting increased activity towards the close.

Weak financials included OFP which shed FFr90 to FFr1,515 and UIC down FFr29 at FFr1,129.

Rate sensitive building issues moved lower on credit-market worries. SGE led the sector downwards with a dip of FFr1.95 to FFr61.25.

Foods closed with moderate losses. BSN was FFr30 lower at FFr4,875 and Moët-Hennessy eased FFr10 to FFr2,890.

Oils and selected export issues fell in tandem with the lower dollar.

Brussels finished lower after a day of quiet trading. The stock index dipped 43.15 to 5,365.68 in reaction to the sharp fall on Wall Street.

The chemical sector was the worst hit with Solvay losing BFr400 to BFr14,550 and UCB down BFr250 to BFr13,850. Petrofina went against the trend adding BFr175 to BFr18,850 on news of a major gas find in the North Sea.

Among major banks, Générale de Banque shed BFr50 to BFr6,500 and Banque Bruxelles Lambert tipped BFr5 lower to BFr3,480.

Société Générale de Belgique's share Reserve dropped BFr20 to BFr4,000.

Utilities were also lower with Ebes off BFr100 at BFr5,300 and FN down BFr20 at BFr1,500.

Elsewhere, glassmaker St Roche moved against the trend adding BFr220 to close at BFr7,450.

Retailers closed generally weaker.

Oslo received no new impetus to lift the market after heavy profit-taking on Tuesday and closed mixed to higher. The all-share index nudged up 0.49 to 385.95 in slightly lower trading worth NKr161.6m.

Lower prices for Norway's North Sea oil drove the oil index down. Saga Petroleum fell NKr2 to NKr121.

Industrials were mixed to higher with Orkla Borregaard gaining NKr12 to NKr502.5 and Norsk Hydro off NKr4 at NKr245.5.

Insurers and transport issues ended the day weaker.

Madrid fell on news of a 1 per cent increase in the consumer price index which sparked profit-taking. The general index lost 3.42 to close at 285.34.

All sectors were weaker by the close with banks and construction issues the hardest hit.

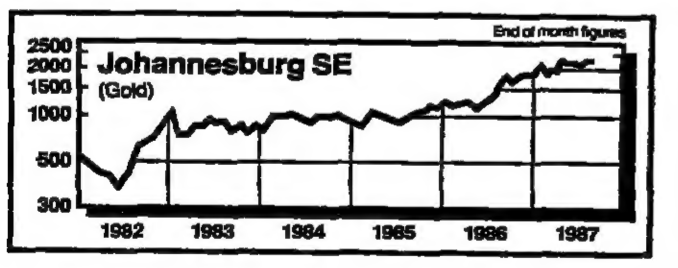
LONDON

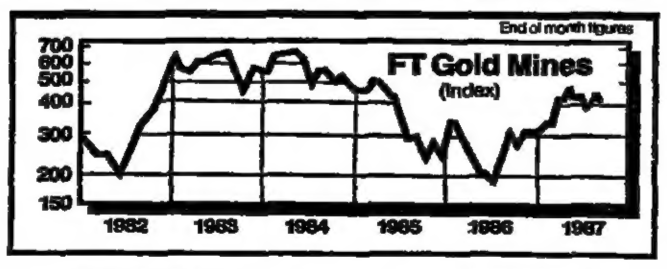
DESPITE rallying midsession from a deep early fall, equities closed sharply down after another nervous session partly due to uncertainty prior to today's UK money supply statistics.

The FT-SE 100 index ended down 27.2 at 2,197.6 while the narrower FT Ordinary index closed 19.8 off at 1,712.4.

Government bonds traded sluggishly, to close slightly down, with dealers' eyes fixed on today's economic statistics. Details, Page 38.

KEY MARKET MONITORS





STOCK MARKET INDICES

NEW YORK	Aug 19	Prev	Year ago
DJ Industrials	2,665.82	2,654.66	1,862.91
DJ Transport	1,075.87	1,057.47	744.00
DJ Utilities	209.16	209.64	213.38
S&P Comp.	329.83	—	246.51
LONDON FT			
Ord	1,712.4	1,732.2	1,268.4
SE 100	2,197.6	2,224.8	1,604.60
A All-share	1,120.81	1,134.42	792.74
A 500	1,234.47	1,249.59	871.01
Gold mines	422.9	408.6	222.5
A Long gilt	9.80	9.79	9.44
World Act. Ind (August 17)	135.41	135.66	99.76
TOKYO			
Nikkei	25,239.59	25,344.34	18,792.6
Tokyo SE	2,091.42	2,099.70	1,566.49
AUSTRALIA			
All Ord.	2,103.1	2,108.50	1,185.3
Metals & Mins.	1,384.9	1,392.60	545.0
AUSTRIA			
Credit Aktien	214.86	214.49	234.54
BELGIAN SE	5,368.60	5,408.60	3,813.79
CANADA			
Toronto			
Met.& Mins.	3,332.9	3,362.2	2,001.00
Composite	4,017.0	4,032.6	3,008.8
Montreal			
Portfolio	2,004.94	2,014.31	1,438.88
DENMARK SE			
SE	(uch)	211.37	198.62
FRANCE			
CAC Gen	406.80	411.80	391.4
Ind. Tendance	105.10	105.90	94.25
WEST GERMANY			
FAZ-Aktien	656.97	668.02	688.66
Commerzbank	2,022.20	2,059.20	2,079.7
HONG KONG Hang Seng	3,450.64	3,504.87	1,935.89
ITALY Banca Comm.	607.15	611.57	789.01
NETHERLANDS ANP CBS			
Gen	322.40	325.30	298.1
Ind	272.20	274.50	303.9
NORWAY Oslo SE	515.89	512.65	358.02
SINGAPORE Straits Times	1,432.90	1,460.90	803.35
SOUTH AFRICA JSE			
Golds	–	2,315.0	1,567.1
Industrials	–	2,222.0	1,300.5
SPAIN Madrid SE	285.34	288.76	195.27
SWEDEN J & P	3,005.20	2,985.90	2,567.44
SWITZERLAND Swiss Bank Ind	673.50	681.00	550.7

COMMODITIES (London)

	August 19	Prev
Silver (spot fixing)	476.55p	474.50p
Copper (cash)	£1,076.00	£1,103.50
Coffee (November)	£1,261.00	£1,273.00
Oil (Brent Blend)	$18.55	$18.85

GOLD ($/oz)

	August 19	Prev
London	$455.75	$457.75
Zürich	$456.25	$457.40
Paris (fixing)	$457.70	$457.02
Luxembourg	$458.05	$454.50
New York (Dec)	$465.20*	$467.30

CURRENCIES (London)

	US DOLLAR Aug 19	US DOLLAR Previous	STERLING Aug 19	STERLING Previous
$	–	–	1.6170	1.6170
DM	1.8405	1.8440	2.975	2.9825
Yen	145.00	146.05	234.5	236.25
FFr	6.1475	6.1575	9.94	2.9575
SFr	1.5255	1.5275	2.47	2.47
Fl	2.0735	2.0805	3.3525	3.365
Lira	1,333.5	1,335	2,156.25	2,156.5
BFr	38.25	38.40	61.85	62.10
C$	1.3305	1.3315	2.1500	2.1500

INTEREST RATES

Euro-currencies (3-month offered rate)	Aug 19	Prev
£	10 1/16	10
SFr	3 17/32	3⅝
DM	3 15/16	3 15/16
FFr	8⅝	8 9/16
FT London Interbank fixing (offered rate)		
3-month US$	7 1/16	7
6-month US$	7 5/16	7⅛
US Fed Funds	6⅝*	6⅝
US 3-month CDs	6.60*	6.825
US 3-month T-bills	5.99*	6.19

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Aug 19 (Sept)	89-03	89-15	88-30	89-07
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	94.01	94.04	93.98	94.02
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	—	—	—	—
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.87	92.89	92.84	92.89
20-year Notional Gilt £50,000 32nds of 100%				
(Sept)	116-07	116-10	115-18	116-03

US BONDS

Treasury

	August 19 Price	August 19 Yield	Prev Price	Prev Yield
7⅞ 1989	99 [illegible]	7.727	99 [illegible]	7.69
7 1994	97	8.578	97 [illegible]	8.55
8⅝ 1997	99 [illegible]	8.767	99 [illegible]	8.72
8⅞ 2017	98 [illegible]	8.977	99 [illegible]	8.93

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return Index (August 19)	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	−0.03
1–10	154.63	+0.12	6.66	−0.03
1– 3	144.03	+0.07	6.37	−0.03
3– 5	157.57	+0.17	6.71	−0.03
15–30	193.58	+0.59	7.78	−0.03

Source: Merrill Lynch

Corporate

	August 18 Price	August 18 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.14	6.55	93.50	6.40
SCBT South Central 10⅞ Jan 1993	102.00	10.39	102.00	10.39
Phibro Sal 8 April 1996	89.92	9.75	89.12	9.90
TRW 8⅞ March 1996	95.68	9.50	95.96	9.45
Arco 9⅞ March 2016	98.82	10.00	99.29	9.95
General Motors 8⅝ April 2016	82.37	10.00	82.77	9.95
Citicorp 9⅝ March 2016	90.29	10.45	89.86	9.50

Source: Salomon Brothers

* Latest available figures